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ABSTRACT

The two syllabuses comprising this guide are designed to provide relevant instruction in competencies required by entry-level workers in bookkeeping and accounting. The introductory section covers such features as the objectives of bookkeeping and accounting courses; career opportunities; general objectives; and the design of the syllabuses in relation to modularization, an awareness of bookkeeping/accounting systems, systems and flowcharting, automatic data processing, terminology, flexibility, time allocation and variation in emphasis, cooperative work experience, and order of presentation. Following the introduction, the syllabuses for Bookkeeping and Accounting 1 and 2 are presented. The syllabus for level 1 includes four modules covering the following topics: bookkeeping/accounting cycle for a service business and for a merchandising business (modules 1 and 2), multi-bookkeeper system--payroll clerk, office cashier, accounts receivable clerk, accounts payable clerk--(module 3), and simulation of a bookkeeping/accounting system for a merchandising business (module 4). The seven modules in the level 2 syllabus cover review of basic bookkeeping/accounting principles and procedures; notes and special merchandising procedures; completing the bookkeeping cycle; data processing and payroll application; business ownership and management; internal control; and simulation, review, and career information. Each of the modules includes introductory information, student performance objectives, and specific content areas with corresponding teaching suggestions, presented in a two-column format. The appendixes include an overview of computer data processing and a description of steps in the computerized accounts payable application flowchart. (SH)

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BOOKKEEPING AND ACCOUNTING 1&2 SYLLABUS

1977 Revision

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FOREWORD

This Syllabus was revised to provide more relevant instruction in competencies required by entry-level workers in bookkeeping and accounting. Recent studies in this field conducted in New York State and in several other states of the country have shown that there are many opportunities for high school graduates at the accounting clerk level. There appears to be considerable opportunity for such positions as payroll clerk, inventory clerk, accounts receivable clerk, accounts payable clerk, cash receipts clerk and cash payments clerk. This syllabus, therefore, seeks to improve the preparation of high school graduates for positons of this specialized variety. The syllabus also recognizes the need to prepare some graduates for the responsibility of handling a complete set of bookkeeping records.

Many persons were involved at various stages in the development of this curriculum publication.

Our Bureau of Occupational Education Research commissioned Leonard J. West of the Institute for Research and Development in Occupational Education of The City University of New York to conduct a survey of entry-level bookkeeping activities in relation to the high school bookkeeping curriculum. Upon completion of his research in cooperation with Norman Elliott, Martin Frankel, and Aaron Toder of The N.Y. City Bureau of Business and Distributive Education and The Occupational Analysis Field Center of the New York State Department of Labor, Dr. West reported his findings to the following State Curriculum Advisory Committee in July of 1974:

- Earle Charles of Kenmore East High School, Tonawanda
- Robert J. Dermody, C.P.A., President of Powelson Business Institute, Syracuse
- William Gearhardt, Chairman, Business Education Department, Ravena-Coeymans-Selkirk Central High School
- Miss Freda Henring, Office Manager, Jack L. Honig, Inc., New York City
- Mrs. Elaine H. Kornbluh, Assistant Principal, Grover Cleveland High School, Ridgewood
- David J. McGibbon, C.P.A., Schenectady
- Daniel McGillicuddy of Hilton High School
- Edward H. Rothaar of Herricks High School, New Hyde Park
- Norman Watnick, Director, Business and Distributive Education, New York City Board of Education.

Representing the bookkeeping and accounting textbook publishers were: Edward Brower and Edward T. Reilly, Jr. of the Gregg-Community College Division of McGraw-Hill Book Company, New York City, and G. Whitney Voiers, South-Western Publishing Company, Pelham Manor.

Representing the State Education Department were:

- Hobart H. Conover, Chief, Bureau of Business Education
- Robert Fleig, Associate, Bureau of Business Education
- Ronald Wing, Associate, Bureau of Business Education
- Alvin Rubin, Associate, Bureau of Occupational Education Curriculum Development.

The above consultants and Advisory Committee believed that high school graduates of bookkeeping and accounting should be prepared for more than specific applied job tasks. Graduates are more valuable employees when they understand the entire bookkeeping system and appreciate the effect of their activity on the tasks performed by those bookkeepers handling other phases of the books or bookkeeping system. Furthermore, bookkeeping/accounting workers who understand the entire bookkeeping cycle are able to make much more intelligent decisions. Because they have an understanding of bookkeeping theory applicable to the entire bookkeeping cycle, they are likely to utilize logic that will result in greater validity.

Therefore, this syllabus has been designed so that every graduate of Bookkeeping/Accounting I will have an understanding of the complete bookkeeping cycle and of records essential to both a service and a trading business. In addition, students will have the opportunity to gain considerable proficiency in selected specific aspects of a bookkeeping system that divides responsibilities among several bookkeepers. The syllabus encourages at least one simulation as a culminating activity, so students will experience working with actual business papers and a total system.

Primary emphasis in the first-year course is on bookkeeping activities through and including the preparation of the trial balance. Some of the more involved concepts and understandings previously included in Bookkeeping/Accounting I have been transferred to Bookkeeping/Accounting 2.

Bookkeeping/Accounting 2 is recommended for students who may eventually assume bookkeeping responsibilities beyond the journals of original entry. This second-year course is particularly desirable for students who have the capacity for handling a complete set of books or promotional potential to supervisory bookkeeping positions. Furthermore, any student who aspires to business ownership or management, or to accounting responsibilities in major business organizations should be encouraged to complete the 2-year bookkeeping program or an accelerated program in the content preparatory to enrolling in a 2- or 4-year post-high school program in accounting.

We are particularly indebted to Earle Charles, Elaine Kornbluh, Daniel McGillicuddy, and Norman Watnick, who were the principal writers of the modules. The manuscript was reviewed by Hobart Conover, Ronald Wing, and Harold Baron, who made many constructive suggestions for improvement. Alvin Rubin managed this curriculum development project and prepared the manuscript for publication.

We are quite interested in the effectiveness of this revised Syllabus and in the results of its implementation in the classroom. Comments, reactions, and suggestions for improvement of the curriculum and format will be welcomed by G. Earl Hay, Chief, Bureau of Occupational Education Curriculum Development. Questions and requests for assistance regarding content, instruction, and evaluation should be addressed to Hobart H. Conover, Chief, Bureau of Business Education.

The Bureau of Occupational Education Curriculum Development

and

The Bureau of Business Education

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BOOKKEEPING AND ACCOUNTING 1 AND 2 SYLLABUS

CURRICULUM CONCEPTS AND ADMINISTRATIVE CONSIDERATIONS

In today's society, a knowledge of bookkeeping and accounting is useful, and perhaps necessary, for nearly everyone. All persons should be able to keep and interpret records essential to their personal and family affairs. Furthermore, the citizen who understands financial records and reports is in a much better position to comprehend the affairs of both business and government. A total accounting system provides much of the information essential to the day-to-day operation of every business or government enterprise for making long-range policy decisions and for complying with the manifold governmental requirements connected with taxation and reporting. Hundreds of thousands of workers are engaged directly in bookkeeping and accounting occupations; even greater numbers use bookkeeping and accounting skills and knowledge in support of other business careers.

Objectives of Bookkeeping and Accounting Courses

What emphasis should be given in high school bookkeeping and accounting courses to occupational objectives, to personal use objectives, or to other educational objectives? What use do high school students make of their high school bookkeeping and accounting study? If graduated as a bookkeeping/accounting major, what type of jobs are students likely to obtain?

Two research studies conducted in New York State in recent years have provided information that guided the present syllabus committee in striving at answers to these and other matters that contributed to the planning of this revised course of study.

The Fairbank Study[1]

A study of bookkeeping/accounting graduates, completed at State University of New York at Albany in 1968, based its findings on the experience of more than 2000 former bookkeeping students from 60 high schools in New York State. The findings indicated that relatively little use was being made by these students of bookkeeping knowledge and skills for personal affairs other than education. The researchers concluded that this may have been due to the fact that 3 to 5 years of personal life subsequent to the study of bookkeeping/accounting is not an adequate sample of the opportunity to use bookkeeping and accounting knowledge and skills in one's personal life. Whatever the cause, the Fairbank study recommended that the prime focus of bookkeeping and accounting study at the high school level should be as career or career-related preparation.

The Career-Supportive Benefits

There has been a tendency to overlook the values gained through the study of bookkeeping and accounting by persons who will use the knowledge and skill in support of their primary job responsibilities. Many secretaries, for example, are called upon to handle a petty cash fund or to be responsible for a variety of office records dealing with employee travel expenses,

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[1] Roswell E. Fairbank, "A Followup of New York State High School Bookkeeping Students," State University of New York at Albany, 1968.

attendance, office supplies, and the like. At the opposite end of the career spectrum, bookkeeping and accounting is often overlooked as a desirable tool of business owners and managers--or other business decision-makers. Probably no cause of failure of new businesses is as prevalent as the failure of the owner or manager to comprehend basic principles of business finance gained through the study of bookkeeping and accounting.

Personal Use Application

Although there is agreement with the findings of the Fairbank study that bookkeeping and accounting instruction should be planned primarily as a vocational tool, personal use applications should not be overlooked. Almost without exception, every individual will be called upon to maintain records essential for income tax purposes, to interpret financial information as a guide to personal investment, or to keep records for a social or civic organization. Bookkeeping and accounting teachers should not overlook the opportunity to integrate these personal use applications in the presentation of the subject.

Duties Performed by Bookkeeping/Accounting Workers

A research study completed in New York State in 1973[2] sought to provide additional answers to questions of major concern to syllabus developers. Two fundamental questions were raised: (1) "What components of the standard high school bookkeeping/accounting curriculum (in New York State) represent activities engaged in by entry-level bookkeeping employees," and (2) "What work activities engaged in by entry employees (particularly those attendant upon computerization of financial data processing) are not included in the standard high school curriculum?" The study also sought to determine what differences in work activities, if any, are associated with the type and size of firm in which the bookkeeper/accountant is employed?

The findings emphasized that the focus of bookkeeping/accounting in the high schools should be on initial entries in books of original entry. The study also recommended that early bookkeeping instruction be built around a series of modules dealing with common job titles of entry-level bookkeeping workers--accounts receivable clerk, accounts payable clerk, cash receipts and disbursements clerk, (special or general) ledger clerk.

The West study encouraged de-emphasis of financial statement preparation and the adjusting, closing, and reversing processes. "Such duties strongly tend to be entrusted by employers only to experienced employees." Bookkeeping tasks related to the subsidiary journals seem to prevail among beginning employees; but the General Journal and General Ledger are likely to be entrusted to experienced bookkeepers. Two qualifying considerations, however, were suggested by the study: "...the General Journal and General Ledger are more common in the small firm than in the large-firm work of employees--so that instruction for small-firm employment should deal more thoroughly with the General books of entry. Secondly, the distinction between manual and computerized records should be observed in small-city vs big-city instruction."

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[2] Leonard West, "Survey of Entry-Level Activities in Relation to the High School Bookkeeping Curriculum," Institute for Research and Development in Occupational Education, City University of New York, 1973.

Career Orientation

An aspect of bookkeeping/accounting that should not be neglected is the need for orientation of students to job ladders found in typical business organizations. As teachers discuss various bookkeeping systems, there are innumerable opportunities to point out levels of responsibility, varying job titles, and potential for earning. Students should also be made aware of the education preparation likely to be a prerequisite of higher accounting positions. Hopefully, this treatment of careers in bookkeeping and accounting will inspire some students to continue their education in pursuit of the more responsible positions.

BOOKKEEPING/ACCOUNTING CAREER OPPORTUNITIES

Office Machine Operator		Bookkeeper	
Posting Clerk	219.588*	General Bookkeeper	210.388*
Billing Clerk	219.388	Assistant Bookkeeper	210.388
Bookkeeping Machine Operator	215.388	Accounts Payable Bookkeeper	210.388
		Accounts Receivable Bookkeeper	210.388
Data Processor		**Accountant**	
Systems Analyst	012.168	Controller	186.118
Programmer	020.188	Treasurer	161.118
Junior Programmer	219.388	Accountant	160.188
Coding Clerk	219.388	Junior Accountant	160.188
High-Speed Printer Operator	213.382		
Peripheral Equipment Operator	213.382		

Accounting Clerks

Audit Clerk	210.388
Chief Payroll Clerk	219.138
Payroll Clerk	215.488
Records Clerk	223.388
Cashier (office)	211.368
Inventory Clerk	219.138
Timekeeper	219.388

*These are the codes used by the U.S. Department of Labor in their *Dictionary of Occupational Titles* and by the U.S. Department of Health, Education, and Welfare in their *U.S. Office of Education Classification of Vocational Education Occupations.*

Summary of General Objectives

Bookkeeping/Accounting 1

Upon completion of the study of Bookkeeping/Accounting I, the student should be able to:

1. Analyze business transactions in terms of the fundamental bookkeeping/accounting equation.
2. Handle the daily bookkeeping activities up to and including the preparation of a trial balance, typical of a small business.
3. Utilize source documents such as invoices, receipts, checks, and credit memorandums as the basis for initiating bookkeeping entries.
4. Demonstrate familiarization with the complete bookkeeping cycle following the trial balance.
5. Handle the total recording and financial activities typical of the accounts receivable, accounts payable, payroll, office cashiering sub-systems.
6. Complete business forms such as checks, deposit slips, petty cash vouchers, and credit memorandums as part of the recordkeeping and financial activities of a business.
7. Apply the knowledge of bookkeeping and accounting to a variety of family, club, or professional association needs.

Bookkeeping/Accounting 2

Upon completion of the study of Bookkeeping/Accounting 2, the student should be able to:

1. Analyze and interpret transactions, accounts, and financial statements as the basis for sound business decision making.
2. Demonstrate an understanding of a variety of business papers encountered daily in the bookkeeping and accounting activities of a business.
3. Distinguish among the principal types of business organizations and demonstrate on acquaintance with the difference in the accounting records for each type of organization.
4. Demonstrate an understanding of sound business procedures and management practices as revealed by the accounting records.
5. Be employed as an entry-level bookkeeper, with the potential for advancement to higher positions. For some students, the knowledge of bookkeeping and accounting may lead to their ultimate success as managers or proprietors of business enterprises.
6. Verify an interest in pursuing the study of advanced accounting at the 2- or 4-year college level in anticipation of a career in higher accounting.
7. Demonstrate an understanding of various bookkeeping and accounting systems utilized in manual and automated bookkeeping/accounting systems.

Bookkeeping/Accounting 1 Modularization

Module I takes the student through the bookkeeping cycle for a service business. Emphasis is placed on those aspects of the bookkeeping cycle preceding the preparation of financial statements and the adjusting and closing processes. Module II continues the emphasis on books of original entry as related to a merchandising business and the processes up to the closing entries. Module III seeks to give the student experience with job tasks of several specialized areas--the payroll clerk, accounts receivable clerk, accounts payable clerk, and the office cashier. This module will provide the student experience with work flow in a multi-bookkeeper establishment and with an understanding of the relationship of a specialized bookkeeping responsibility to the total system.

Emphasis in the first three modules of this syllabus is on the books of original entry; and bookkeeping teachers are urged to provide students with a wide variety of rulings used for these journals. Wherever possible, teachers should bring to the classroom samples of journals in use in local business establishments, including those which will challenge the student's understanding. It is not uncommon for students to feel that journal rulings studied in school are standard throughout all business organizations. The greater the variety of journals to which the student is exposed, the greater is the likelihood that use of the journal will be based on reasoning and basic understanding as opposed to repetitive entry making.

Module IV provides the student with the opportunity to become better acquainted with the total bookkeeping cycle and to experience the adjusting, closing, and reversing processes. The Syllabus Committee encourages teachers at this point to make use of a practice set that utilizes actual business papers and that will serve as a summary of the first year's work. It is also suggested that the teacher reserve some time following the completion of the set to test student understanding of certain steps through the discussion of questions relating directly to the practice set.

The bookkeeping/accounting staff should also investigate job opportunities in the general area of employment. Based upon this study, the staff will be able to determine the degree of emphasis that should be given to one-bookkeeper establishments where the employee has responsibility for the complete bookkeeping cycle.

The State Advisory Committee decided to delay several of the more challenging topics until Bookkeeping and Accounting II. The study of Bookkeeping and Accounting II should therefore be encouraged for all students who are preparing for a bookkeeping career or who aspire to business ownership. This is especially true of students who may be employed in small business establishments where one or two bookkeepers are totally responsible for the business records.

Module VI, Internal Control, is highly recommended as part of the content of the second year course. It has been designated as an optional part only because time may prevent some teachers from covering this content. For this reason the topics covered in Module VI will not be tested in the State Regents Examination for Bookkeeping and Accounting 2.

An Awareness of Bookkeeping/Accounting Systems

It is important that students understand how to work with data reports resulting from automated systems; it is equally important that they be given maximum exposure to as many manual bookkeeping/accounting systems as possible. The term "systems," as used in this context, refers not only to the journals, ledgers, and special supplementary records used for handling the recordkeeping function of a business, but to varying journal arrangements that might be encountered in actual practice. Increasingly, bookkeeping/accounting systems are tailored to the precise needs of a particular business. Bookkeeping/accounting system specialists may be called in to establish a system to accommodate the specific requirements of management. Indeed, it is difficult for high school graduates to feel comfortable when first confronted with an unusual system; but there should be many opportunities for students to become familiar with how various systems actually function.

This syllabus emphasizes this "systems consciousness." Module I deals with the system one might encounter in a small one-bookkeeper service business. Module II introduces a system that might satisfy the needs of a one-bookkeeper mercantile business. Module III treats the multi-bookkeeper system, the interrelationship of job tasks, and the sequential paper flow. Module IV returns to the one-bookkeeper system and the use of business papers as the source documents of the various business transactions.

The teacher is encouraged to extend this "systems awareness" through cooperation with the business establishments of the local community. This should provide experience with variations in journal and ledger form and arrangement so that students will feel comfortable when confronted with unique column arrangements in business records.

Several times during the course of the first and second year of study, students should visit local business organizations to study their recordkeeping system. Bookkeepers and accountants should also be invited to visit the classroom to discuss the features of bookkeeping systems designed to fit the needs of a particular type of business.

Systems and Flowcharting

The commonly accepted steps of the formal bookkeeping cycle are only a part of the total activity that takes place within a complete accounting system. Information arising out of transactions is documented in a variety of ways. These documents and their information flow through established procedures and channels; and some of the information finally finds its way into the journals, ledgers, and reports of the business.

The channels and procedures of information flow, as well as the physical characteristics and functions of journals, ledgers, and reports used by business must be understood if students are eventually to be successful in a bookkeeping job. Students are helped to understand these things through the use of *flowcharts* which portray the creation, movement, and rearrangement of information within an accounting system. Students will better understand these processes if they see, study, and use realistic business forms. Even more realism can be injected into bookkeeping and accounting classes by simulating an office situation and having students play the role of workers in the several departments or phases of the total operation.

Automatic Data Processing

This syllabus integrates automatic data processing concepts wherever applicable in each of the instructional modules. Teachers are encouraged to point out to students how certain bookkeeping tasks are handled in automated systems. This can often be done immediately after a manual procedure has been covered and the teacher is able to contrast this procedure with the automated process.

Bookkeeping/Accounting 2 includes one unit devoted exclusively to automatic data processing systems. This unit also provides experience with a payroll system which utilizes automatic data processing equipment.

Large city schools may want to offer a separate course of study devoted entirely to automatic recordkeeping systems. The bookkeeping/accounting staff should investigate local employment opportunities and base their decision for this need upon the number of job opportunities available to students who are prepared entirely in the use of automated systems.

Every bookkeeping teacher, however, has the responsibility for familiarizing students with automated recordkeeping systems and for contrasting manual and automated systems. Every student should emerge from bookkeeping/accounting instruction with basic understandings of what automatic data processing systems are all about.

Terminology

Students should not feel that the terminology used in their study of bookkeeping/accounting is remote from the bookkeeping/accounting terms encountered in actual practice. The instructor must guard against two hazards: (1) use of outdated terminology, and (2) leaving the impression that one, and only one, term applies to a given form, activity, or bookkeeping situation. Professional journals should be available to every teacher relating to the field of accounting as well as a library of texts that can be used for comparison and contrast.

Class sessions that deal exclusively with bookkeeping/accounting terminology can be profitable, especially if practicing bookkeepers and accountants from the local community are invited to participate.

Flexibility

The content for the syllabus-outlined courses in Bookkeeping and Accounting 1 and 2 has been selected with the assumption that it represents a minimum of subject matter that should be presented to classes with students of normal ability in average high school situations. With the exception of one optional part, this is the body of subject matter that may be tested on Regents examinations; and it is the minimum to be included in a course that is offered for Regents credit. At the local level, curriculum planners and teachers are encouraged to enrich the course content for students who can benefit from it; conversely, they are encouraged to offer syllabus-outlined Recordkeeping courses for other students of different interests and lesser abilities.

In some schools, teachers will be able to extend the content of Bookkeeping and Accounting 1 beyond the topics prescribed by this syllabus outline. Other schools will undoutedly find it desirable to confine the first year course to the topics and degree of emphasis which this syllabus establishes as desired minimum content.

Bookkeeping/Accounting 2 is encouraged in schools in which there are an adequate number of Bookkeeping/Accounting 1 pupils to warrant the second-year course. The Business Department may also feel the need to offer a one-year course for above-average students, in which the content of Bookkeeping/Accounting 1 and 2 is telescoped into a one-year course. Such a course enables pupils to qualify for advanced placement accounting examinations available from the State Education Department's College Proficiency Examination Program and the College Level Examination Program from the College Entrance Examination Board, Box 1822, Princeton, NJ 08540.

Time Allocation and Variation in Emphasis

The time schedule and emphasis in Bookkeeping and Accounting 1 should be adjusted to fit the occupational goals, education aspirations, and learning abilities of students in the school where it is offered. The following instructional time allocations are suggested as guidelines:

Module	Range of Clock Hours*	Range of Weeks
I	34-38	9-10
II	45-60	12-16
III	26-45	7-12
IV	11-11	3
Totals	135	36

*There are approximately 135 clock hours in a one-period (45 minutes), one-year course. One week of instruction equals about 3.75 class hours. 45 clock hours would require 12 weeks of instruction.

Through variations in emphasis, the course can be made to fit the job opportunities which students are likely to encounter in the general employment area. Greater emphasis should probably be given to Module III and less to Module II, for example, if most students are Office Practice or Stenographic majors enrolled in Bookkeeping/Accounting 1 as a career-supportive course. This variation in emphasis would also apply if most students are likely to be pursuing account-clerk careers such as that of payroll clerk, accounts payable clerk, accounts receivable clerk, or office cashier. A mid-point within the range of clock hours suggested for each module should be used as a general guide if students represent a broad range of abilities and aspirations.

Module II should be stressed and Module III de-emphasized if most students are apt to continue their career preparation at the post-secondary level. Some teachers will find it desirable to provide several learning paths in the same classroom through individualized or small-group instruction.

Module I or III may also be integrated into Office Practice, Secretarial Practice, or Automatic Data Processing if this content is deemed appropriate

in the organization of the total business education curriculum at the high school or area occupational center.

Suggested time allocations have not been provided for the various parts of the second year or Bookkeeping and Accounting 2. Several factors contributed to this decision:

- The time devoted to Part I-Review of Basic Bookkeeping/Accounting Principles and Procedures, the optional topics, the Simulation and the terminal review, will undoubtedly be affected by the ability and background of the students attracted to this advanced course.
- It is also recognized that some classes will be able to be subdivided so the optional topics may be required for some students and not for the others.

Therefore, it is suggested that the teacher limit the initial review part to a maximum of 3 weeks and set aside 3 to 5 weeks for the optional topics, simulation and terminal review. This will leave 31-33 weeks for the core of the course.

Cooperative Work Experience

Actual bookkeeping/accounting work experience is a most desirable supplement to the conventional classroom phases of the second-year course. Through on-the-job experience, abstractions of the classroom are translated into reality. The "why" and "how" of accounting are relatively easy to understand when the learner is obtaining practical experience and being rewarded for successes and penalized for mistakes. If paid experience in a supervised, cooperative work experience program is not feasible, students should be encouraged to gain bookkeeping and accounting experiences through practice sets and simulations with illustrative working forms and papers.

Order of Presentation

Teachers should not feel the need to follow the precise order of topics as outlined in this syllabus. It is expected that most textbooks will not follow the exact sequence outlined by the syllabus for the first-or second-year course. It is suggested, however, that before students are tested on a particular Module, or part, that the teacher review the performance objectives to make certain that all have been covered. Experienced teachers are less likely to follow any text and may be more inclined to select chapters from some text that match the syllabus presentation.

Facilities and Materials

Equipment and Facilities

While it is not necessary to have a specially equipped room to be used solely for accounting classes, it is advisable that the desks be large enough to provide comfortable, functional work space for the students' many books and papers.

Students should have easy access to adding-listing machines, as former students have testified that these machines are used frequently on the job. It is also desirable, though not as essential, that students have access to calculating machines, a cash register, posting machine, billing machine, bookkeeping machine, and check writer. Access to electronic data processing equipment is desirable for observation, demonstration, and occasional practice work.

Some schools may wish to establish special laboratory facilities for bookkeeping and accounting classes, complete with a variety of equipment and possibly similar in appearance and atmosphere to an actual accounting facility. Suggestions for such laboratories can be found in periodical literature.

Audio-visual instructional equipment should be available and, ideally, should be permanently stationed in the room to encourage its use and to minimize damage through movement. An overhead projector, with properly mounted screen, is essential. Cassette-tape presentations which are now available are also well suited for remedial instruction or to enrich course content.

Cabinets and files should be provided for storage of practice sets, supplies, and visual materials such as charts and transparencies.

Bookkeeping students should use ruled paper and forms wherever possible. Bound materials such as practice sets and workbooks, available through publishers, may help to maximize learning while minimizing waste and confusion.

Supplementary Materials

Governmental Information

Because of the nature of the subject, it is necessary that teachers keep up to date with governmental regulations. Some sources of such information are:

- Taxpayer Education, Bureau of Internal Revenue, U.S. Treasury Department
  (District offices in Albany, Buffalo, and New York)

  Suggested publications:

  . Your Federal Income Tax
  . Understanding Taxes
  . Tax Guide for a Small Business
  . Farmer's Tax Guide

- State of New York, Department of Labor, Division of Employment
  (District offices in Albany, Binghamton, Buffalo, New York, Rochester, Syracuse, Utica, and Yonkers)

  Social Security Administration
  (Obtain address of nearest field office from your local post office)

Suggested publications:

. Your Social Security
. Self-Employment and Social Security

- State Department of Taxation and Finance
  (Offices in Albany, Binghamton, Bronx, Brooklyn, Buffalo, Mineola, New York, Queens, Rochester, Syracuse, Utica, and White Plains)

- Workmen's Compensation Board
  (District offices in Albany, Binghamton, Buffalo, New York, Rochester, and Syracuse)

National Business Entrance Tests

Individual bookkeeping tests may be obtained for a nominal fee from the National Business Education Association, 1906 Association Drive, Reston, Virginia 22091.

These materials may be used for teaching purposes or for general testing. Because of their vocational emphasis, they are particularly appropriate for use in second-year bookkeeping and accounting.

Automated Accounting

School systems located in metropolitan areas of the State may feel the need to offer advanced bookkeeping/accounting instruction geared more specifically to job opportunities involving automated accounting systems. While this syllabus provides some opportunities for students to become familiar with electronic data processing, a more specialized program might emphasize electronic bookkeeping/accounting systems. To implement such a program, however, it should be certain that there is access to a computer.

Administrators who are interested in developing a specialized course as described above should review instructional materials currently available from publishers directed to computerized accounting. In addition, the following Department curriculum publications should be reviewed for possible content:

Machine Accounting, An Instructors Guide, 1976.

Electronic Data Processing, Syllabus, 1977.

COMPETENCY LEVELS

The following chart summarizes the competency level expected of students at the end of each of the modules or parts contained in the Syllabus for Bookkeeping 1 and 2:

TOPIC	BKG/ACTG 1 MODULES				B/A 2
	1	2	3	4	
1. *Journalizing (General Journal)*	P	E		E	J
2. *Posting to General Ledger*	P	E		E	J
3. *Special journals*		E	E	E	J
4. *Posting to Subsidiary Ledgers*		E	E	E	J
5. *Trial Balance*	P	E		E	J
6. *Subsystems:*					
a. Payroll (Manual)					
(EDP)			J		J
b. Accounts Receivable			J		J
c. Accounts Payable			J		J
d. Cashiering			J		J
7. *Worksheet*	A	P		P	J
8. *Balance Sheet*	A	P		P	J
9. *Income Statement*	A	P		P	J
10. *Adjusting Entries*	A	P		P	E
11. *Closing Entries*	A	A		P	E
12. *Ruling of Accounts*	A	A		P	E
13. *Post Closing Trial Balance*	A	A		P	E
14. *Reversing Entries*		A		P	E

A = Acquaintanceship Level: The student will not be called upon to demonstrate the skill.

P = Practical Use Level: The student is able to perform the task.

E = Proficiency Level: The student is able to perform the task with considerable proficiency.

J = Job Proficiency Level: The student should be able to accept entry-level employment where the skill is required.

BOOKKEEPING AND ACCOUNTING 1

MODULE I. BOOKKEEPING/ACCOUNTING CYCLE FOR A SERVICE BUSINESS

Module I is concerned with the bookkeeping/accounting records of a service business. The student is introduced to several basic bookkeeping/accounting concepts and will learn procedures used in handling a checkbook, making bank deposits, drawing and endorsing checks, and reconciling the checkbook balance with a bank statement. In addition, the student will learn procedures for operating a petty cash system.

It is desirable that this understanding of banking procedures be acquired prior to Module III, when students will be called upon to perform various tasks associated with the work of an office cashier.

Basic accounting concepts, journalizing business transactions, and maintaining a general ledger should be emphasized in this module. Students should become acquainted with the bookkeeping/accounting tasks performed at the end of a fiscal period but should not be held responsible for the preparation of financial statements or closing procedures.

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of this module the student should be able to:

1. Provide 3 reasons why it is desirable for any business to maintain accurate records of daily activities.
2. Describe 3 ways that a study of bookeeping/accounting can be of value to an individual.
3. Identify asset, liability, and equity accounts from a given series of account titles.
4. Spell correctly and explain the meaning of 10 common bookkeeping/accounting terms.
5. Show the effect upon the fundamental accounting equation of 5 to 10 basic bookkeeping transactions relating to a service business.
6. Make the appropriate entries in a General Journal and post to the ledger accounts from a narrative consisting of 10 to 15 transactions relating to a service business.
7. Prepare a trial balance of 10 to 15 asset, liability and equity accounts of a service business.
8. Give 3 reasons why a trial balance may not be in balance.
9. Give the fundamental purpose and the primary use of an Income Statement.
10. State the fundamental purpose and the primary use of a Balance Sheet.
11. Explain the purpose of closing the ledger at the end of a fiscal period.
12. Write a check stub and check completely and correctly.
13. Endorse a check for transfer.
14. Endorse a check for deposit.
15. Explain an acceptable procedure for voiding a check.
16. Describe how to stop payment on a check.
17. Reconcile a bank statement with a checking account, including service charges, deposits in transit, and outstanding checks.
18. Establish a petty cash fund.
19. Make disbursements from a petty cash fund.
20. Replenish a petty cash fund.

Content	Teaching Suggestions
A. Introduction 1. Reasons for maintaining accurate records a. Needed in business management b. To meet some legal requirements c. Personal planning	Discuss maintaining accurate records needed by managers of business enterprises, as required by law, and as needed by all individuals for planning and keeping accurate accounts of their financial affairs.
2. Meaning and purpose of bookkeeping and accounting	Consider bookkeeping and accounting as a function of data processing. Show that data processing is the synthesis of financial information into understandable form. Point out that data processing can be done manually or by automated systems. The method employed will be determined by the size of the business the kind of activities in which the business engages, the volume of data, and the speed with which information is required. (Refer to the Appendix on "Computer Data Processing" for background material.)
3. Values to the student a. Understanding of sound business procedures and management	Dramatize the use of accounting information for making sound management decisions in a situation in which a company wishes to determine whether or not to raise the price of its merchandise.
b. Exploring possible bookkeeping/accounting careers	List and discuss office jobs, full and part-time, that require a knowledge of bookkeeping and accounting. Include jobs in electronic data processing in this activity. Have students bring to class want ads that illustrate job opportunities in bookkeeping/accounting and related fields. See page 3 for suggested career opportunities.
c. Learning adjunctive skills for other office jobs	Use news items to show the role that accounting plays in all business careers. Discuss jobs in which related bookkeeping/accounting knowledge and skills are necessary. Have students prepare bulletin board display items to illustrate how bookkeeping/accounting knowledge and skills are helpful in several types of office jobs, i.e., show a typist preparing invoices.

Content	Teaching Suggestions
d. Personal use	The topic of taxes is an excellent medium for discussing the need for keeping good personal financial records.
4. Accounting methods a. Manual	Stress again that the same principles of accounting underlie both the manual and automated recordkeeping systems.
b. Automated	Contact computer sales representatives and ask them to speak to the class on why businesses have chosen to automate their accounting systems. Or, ask that they give you the names of businesses in the area that have automated their accounting systems.
B. Assets, Liabilities and Owner's Equity	
1. Assets - Definition	Define and give examples of an asset by eliciting from the students the nature of personal, family, and then business assets. Stress that an asset has usefulness to its owner, may be tangible or intangible, and has money value. Show the need for uniformity in grouping assets. Include customers' accounts among assets. Discuss the meaning of credit. Discuss the advantages and disadvantages of selling on credit. Confine the discussion to assets of a service business; postpone consideration of merchandise until Module II.
2. Liabilities - Definition	Define and give examples of a liability. Compare customer accounts with creditor accounts. Indicate that liabilities represent claims of outsiders against the assets of the business. Debtor-creditor relationships should be understood.
3. Owner's Equity - Definition	Indicate that equity represents the overall financial interest of an owner or owners in the assets of the business.

Content	Teaching Suggestions
4. Fundamental equation a. Assets equal liabilities plus owner's equity b. Assets minus liabilities equal owner's equity c. Assets minus owner's equity equal liabilities	Perform simple problems in which only two elements of the equation are given and the students are required to find the third element. Stress understanding of the nature of an equation and its relationship to double-entry bookkeeping. Emphasize that the fundamental equation is the basic for accounting procedures in both manual and automated systems.
5. Effect upon the fundamental equation resulting from business transactions	Limit the discussion to a simple arithmetic approach.
6. Relationship between the Balance Sheet and the fundamental equation a. Purpose b. Form c. Content	Point out that the Balance Sheet is a detailed itemization of the fundamental equation. The account form is recommended at this time. Treat this topic briefly, as statement preparation will be developed more fully later.
C. The Ledger 1. The form of the account	The "T" account form may be used for chalkboard demonstrations, but columnar ruled forms should be used by the students.
2. Recording beginning balances in the accounts	Use uniform titles for assets, liabilities and owner's equity accounts. The Balance Sheet can be used as a guide in posting opening balances.
3. Recording changes in assets, liabilities, and equity	Develop the rules for recording increases and decreases by analyzing business transactions in terms of the fundamental equation. Stress the equality of debits and credits.
D. Other Equity Accounts 1. Meaning and recording of revenue	The term "revenue" should replace "income" except in the case of "net income" and "income statement." It is a generally accepted principle that "revenue" be used to indicate receipts from the sale of goods and services and that "net income" used to refer to the income remaining after all expenses have been deducted.

Content	Teaching Suggestions
	Show the effect of income on owner's equity. Develop the need for recording the revenue (income) that results from the cash and credit transactions of a service business in separate equity accounts.
2. Meaning and recording of expenses	Show the effect of expenses on Owner's Equity. Stress the analysis of cash and charge transactions when recording income and expenses.
3. Meaning of net income and net loss	Use simple arithmetic computations only.
4. The proprietor's personal or drawing account	Limit the use of this account, at this time, to withdrawals of cash for personal use.
E. The Trial Balance	
1. Purposes	
2. Preparation sequence	
3. Locating and correcting errors revealed by a trial balance	It may be necessary to present students with problems in which errors have been carefully prearranged. Appropriate procedures for discovering the precise errors involved can then be taught meaningfully. Such errors might include the posting of an incorrect amount to either the debit or credit side of an account, transposition, posting the correct amount to the incorrect side of an account, arithmetic errors in footing or balancing, or others.
4. Errors not revealed by a trial balance	Include such examples as the failure to post an entire entry, recording an entry in the wrong account, use of the wrong amount for both debit and credit and others.
F. Introduction to Financial Statements	This topic should be taught on an acquaintanceship level at this time.
1. Meaning of net income and net loss	Show students how to prepare these forms and to record the entries; but do not require them to prepare the reports.

Content	Teaching Suggestions
2. The Income Statement as a financial report	Use simple arithmetic. Stress the need for a formal report for the proprietor. Discuss the use of the Income Statement for determining net income or net loss. Show how management decisions can be made from the Income Statement.
3. The function of the worksheet a. Purposes b. Extending figures from the trial balance columns	Introduce the worksheet as an intermediate aid in the preparation of financial statements. Use 6-column worksheet forms until adjustments are covered later.
4. Preparation of financial statements a. Income Statement b. Balance Sheet	Use Income Statements and Balance Sheets previously prepared to show how the Income Statement and the Balance Sheet columns in the worksheet have identified the income and expense accounts and the asset, liability and equity accounts in advance of the preparation of the statements. Stress the fact that the net income is added to, and the net loss is subtracted from, the owner's equity in a Balance Sheet.
G. Introduction to the Closing Process 1. Closing the ledger a. Revenue and expense summary b. Closing the revenue and expense summary account	Alternate titles are Profit and Loss Account and Profit and Loss Summary Account. Explain the purpose of closing the ledger. Demonstrate the closing entries so the students will be acquainted with the process at this point. The balance of the drawing account either may remain or may be closed into owner's equity. An alternate method is to close the summary account directly into the capital account.
2. Post-closing trial balance	Teach on an acquaintanceship level.
3. Accounting cycle flowchart	Summarize and review for understanding the major points of emphasis in topics taught so far by means of simple flowcharts.
H. The General Journal 1. Form and content (2-column journal)	

Content	Teaching Suggestions
2. Using the journal as a book of original entry	
3. Posting to the ledger, using posting references	
I. Banking Procedures	
1. Opening a checking account a. Legal forms b. Types of accounts	Discuss various types of checking accounts.
2. Making deposits a. Wrapping bills b. Wrapping coins c. Preparing a deposit slip d. The deposit receipt	Obtain coin and currency wrappers from a local bank. Indicate procedures for marking wrappers which contain less than the required amount.
3. Drawing checks a. The stubs b. A check register c. Handling errors d. Voiding checks	Review parties to a check. Discuss the use of a check protector; if possible, demonstrate its use. Stress correct procedures in writing checks and the importance of writing the stub first.
4. Stopping payment	Discuss cashier checks, certified checks, voucher checks and travelers' checks.
5. Endorsing checks a. For transfer b. For deposit	Limit discussion to blank, full, and restrictive endorsements.
6. Reconciling the bank balance a. Identifying outstanding checks	Discuss procedures for storing canceled checks.
b. Deposits in transit c. The bank statement d. The bank reconciliation statement	Distinguish between a bank statement and a bank reconciliation statement.
e. Fees and service charges f. Correcting errors	
J. Petty Cash Systems	Treat only briefly at this time.
1. Need and purpose	Emphasize the need for a petty cash system in most business establishments. Point out the convenience.

Content	Teaching Suggestions
2. Operating the system a. Establishing the fund	Develop a project covering the operation of a system from the time a check is cashed at the bank for establishing the fund.
b. Disbursement procedure The petty cash box or drawer Vouchers The petty cash record	Make disbursements using petty cash vouchers. Stress need to classify disbursements in determining the columns to be used.
c. Proof of petty cash	Demonstrate process of proving the accuracy of petty cash.
d. Replenishing the fund	
3. Related business papers and procedures	

BOOKKEEPING AND ACCOUNTING 1

MODULE II. BOOKKEEPING/ACCOUNTING CYCLE FOR A MERCHANDISING BUSINESS

Module II is concerned with the bookkeeping/accounting records that might be used in a merchandising business. The student is introduced to the multi-columnar Cash Receipts Journal and Cash Payments Journal as well as the four-column General Journal and special journals for Purchases and Sales. The Accounts Receivable Ledger, Accounts Payable Ledger and their special control accounts in the General Ledger are also covered. The student will learn how to handle sales returns and allowances and purchases returns and allowances and also the procedures for treating sales discounts and purchase discounts.

Emphasis in this module should be placed on the bookkeeping/accounting activities occurring during the fiscal period--the recording of daily transactions in the special journals (from source documents if possible) and the posting of these transactions to the General Ledger, Accounts Receivable Ledger, and Accounts Payable Ledger. The achievement of proficiency in the bookkeeper's duties in a merchandising business through the process of taking a trial balance and schedules of accounts payable and accounts receivable will effect one of the principal purposes of Bookkeeping/Accounting 1.

It is suggested that the Income Statement and Balance Sheet be taught on a practical-use level. Students should become acquainted with the process of closing the ledger but should not be required to journalize or post the entries without teacher assistance.

The practice set that might customarily be used at this stage of instruction should be postponed until the end of the course. Utilization of a practice set during the last three weeks of Bookkeeping/Accounting 1 (Module IV) will serve as a review as well as expose students to the independent handling of a complete set of bookkeeping records. This summary will also serve as an excellent follow-up of Module III in which students perform job tasks of accounting clerks in the bookkeeping subsystems.

Time has been allotted in the recommended clock hours to flowchart procedures for merchandise purchases, accounts payable, and cash payments; sales, accounts receivable, and cash receipts; and the complete bookkeeping cycle for a merchandising business. There should also be sufficient time to familiarize students with the components of a basic computer configuration and flowchart of a simplified accounting cycle, where a computer is used to process the records of a merchandising business.

Upon completion of Modules I and II, students should have acquired the skills and understandings essential for handling most of the bookkeeping subsystems, with the exception of payroll. Payroll concepts and procedures will be treated at the beginning of Module III. Students will then have an opportunity to apply their skills and knowledge in a simulation of the job responsibilities of accounts receivable, accounts payable, cashiering, and payroll clerks.

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of this module the student should be able to:

1. State the principal characteristic that distinguishes a merchandising business from a service business.
2. Record 10 to 15 entries from source documents in a Purchases, Sales, Cash Receipts, Cash Payments, and General Journal.
3. Post individual items from the journals to the General, Accounts Receivable, and Accounts Payable Ledgers.
4. Total and rule the journals that need to be summarized and post totals to the appropriate General Ledger accounts.
5. Prepare a Schedule of Accounts Receivable and a Schedule of Accounts Payable and reconcile the totals with the appropriate controlling account.
6. Explain the use of the Merchandise Inventory account and its relationship to the Purchases account and perpetual inventory record.
7. Explain the need for, and the technique of, taking a physical inventory.
8. Find the gross profit on sales, given the beginning and ending merchandise inventories, net purchases, and net sales for the period.
9. Use a worksheet consisting of a trial balance of at least 20 items to determine the net income or net loss of a business for a fiscal period.
10. Prepare an Income Statement and Balance Sheet of a merchandising business from the General Ledger accounts, Trial Balance, or worksheet using model forms as a guide.
11. Record adjusting entries for merchandise, supplies, and prepaid expenses in the General Journal and post them to the General Ledger accounts.
12. Flowchart the accounting cycle for a merchandising business that is using manual bookkeeping/accounting methods.

Content	Teaching Suggestions
A. A Merchandise Business Compared to a Service Business	Focus on the commodity that is being sold as the essential difference.
B. Purchase Transactions	
1. Entry for cash purchases of merchandise	Introduce the Purchases account. Use "T" accounts to analyze transactions.
2. Entry for purchase of merchandise on account	Demonstrate how balances of individual creditors' accounts are maintained.
3. Related source documents	Discuss the ordering procedures and show samples of purchase orders and invoices. Explain the purchases invoice procedure: • A purchase requisition in prepared by one of the departments in the business. • If approved, a purchase order is prepared and sent to the vendor. • The vendor sends the goods, along with a packing slip and shipping order.

Content	Teaching Suggestions
	• The shipping order received is checked against the purchase order. Sometimes a receiving report is prepared which is then compared to the purchase order. • An invoice is received from the vendor. • The invoice is checked against the purchase order and/or receiving report. • The invoices are filed by due date in an unpaid purchase invoice file in order to take advantage of cash discounts.
4. Purchases Journal	Show the need for a detailed, chronological record of purchases, transactions and need to reduce repetitive postings to the Purchases account.
a. Purpose, content, and form	Emphasize the point that the entries are made from the source documents discussed in topic B.3. Indicate that in many businesses the purchase invoices are used in place of the Purchases Journal.
b. Entries	Emphasize that only purchases of merchandise on credit are entered in the Purchases Journal.
c. Posting	Emphasize that postings are made to the creditors' accounts frequently, often on a daily basis.
d. Summarizing	Demonstrate the process of posting the total of the Purchases Journal to the Purchases account.
C. Accounts Payable Control 1. Subdivision of the ledger	Show how a separate Accounts Payable Ledger provides for easy availability of creditors' accounts and for division of labor.
2. Interrelationship between the Accounts Payable control account in the General Ledger and the subsidiary ledger	Discuss the need for maintaining a control account in the General Ledger by demonstrating that the Trial Balance of the General Ledger will not be in balance unless it contains the sum of the balances of the creditors' accounts that have been placed in the subsidiary ledger.

Content	Teaching Suggestions
3. Daily and end-of-month summary postings	Show the summary entry for the Purchases Journal: Purchases, Dr./Accounts Payable, Cr.
4. The three-column ledger account	Discuss the advantage of maintaining a balance column in the subsidiary ledger.
D. Cash Payments Journal	Emphasize that every cash payment is recorded in the Cash Payments Journal.
1. Purpose, content, and form	Show the need for recording payments to creditors in a different money column from the one used to record payment of expenses. Refer to the procedures followed in the Purchases Journal to demonstrate that the individual payments to creditors must be posted to the control account in the General Ledger. Confine to a three-column Cash Payments Journal. Display sample Cash Payments Journals in which the order of the columns are varied to show that there is no particular uniformity in the form of this journal.
2. Entries	Explain the relationship of source documents, the checkbook, and the Cash Payments Journal.
3. Posting	Discuss the need for frequent posting to creditors' accounts in the subsidiary ledger.
4. Summarizing	
E. Schedule of Accounts Payable	Consider the two purposes of the schedule: (1) to verify the accuracy of the subsidiary ledger, and (2) to provide a list of the names of the creditors and the amounts owed to them.
F. Flowchart of Purchases, Accounts Payable, and Cash Payments	Summarize and review the processing of purchasing and paying for merchandise purchased on account by developing a simple flowchart. File the flowchart for later use in Module III when purchases, accounts payable, and cash payment bookkeeping activities

Content	Teaching Suggestions
	will be simulated. The flowchart should also be used again in Module III to introduce computerized accounts payable applications.
G. Sales Transactions	
1. Entry for cash sales	Introduce the Sales account. Use "T" accounts to analyze transactions.
2. Entry for sales on credit	Relate the account to the Revenue From Services account in Module I. Consider the reason when the cost of the merchandise is not recorded at the time of the sale.
3. Related source documents	Explain the process of sales invoice preparation. A typical procedure is as follows: • A purchase order is received from a customer. (Explain credit approval process for new customers.) • The goods and a shipping order are sent to the customer. • A copy of the shipping order and the customer's purchase order are matched. • An invoice is prepared, based on the information in the shipping order and the purchase order. • The sales invoice is sent to the customer. • A copy of the invoice is filed in the unpaid invoices file.
4. Sales Journal a. Purpose, content, and form b. Entries c. Posting d. Summarizing	Refer to the Purchases Journal to show the need for a comparable chronological, detailed record of sales transactions.
H. Accounts Receivable Control 1. Subdivision of ledger	Refer to the Accounts Payable Ledger to develop reasons why an Accounts Receivable Ledger should be kept. Stress here, as in the discussion of accounts payable, the need to provide for further division of labor and for a device for keeping the trial balance in balance.

Content	Teaching Suggestions
2. Interrelationship of the Accounts Receivable control and the Accounts Receivable Ledger.	Use the three-column ledger account for subsidiary ledger postings and the "T" account for the General Ledger.
3. Daily and end-of-month summary posting	Show the summary entry for the Sales Journal: Accounts Receivable, Dr./ Sales, Cr.
I. Cash Receipts Journal 1. Purpose, form and content 2. Entries 3. Posting 4. Summarizing	Develop the technique of recording in the Cash Receipts Journal before demonstrating the technique for showing the beginning balance. Refer to Module III for coverage of cash receipts source documents.
J. Schedule of Accounts Receivable	Refer to the Schedule of Accounts Payable to review the reasons why schedules are prepared.
K. Statement of Account 1. Purpose 2. Preparation	
L. Flowchart of Sales, Accounts Receivable, and Cash Receipts	Develop a flowchart to show how these applications interrelate. File the flowchart for future use in Module III when pupils will handle these activities in a simulated bookkeeping system.
M. General Journal 1. Purchases returns and allowances a. Source documents b. Entry 2. Sales returns and allowances a. Credit memorandum b. Entry	Limit instruction to the 4-column General Journal. Illustrate sample credit memorandums, the source document used as the basis for making an entry.
3. Other General Journal entries	Point out types of purchases that would not be included in a Purchases Journal.
N. Cash Discounts 1. Purpose, terms, calculations (Include EOM terms)	Discuss the reasons for cash discounts and how they are posted.

Content	Teaching Suggestions
2. Sales discount	
a. Classification and account record	
b. Entry in Cash Receipts Journal.	Point out the advantages of a special column in the Cash Receipt Journal for Sales Discount (Dr.).
c. Summarizing and posting	Emphasize the need for daily posting to the customer accounts affected.
3. Purchases discount	
a. Classification and account record	
b. Entry in Cash Payments Journal	Stress the advantages of a special column in the Cash Payments Journal for Purchases Discount (Cr.).
c. Summarizing and posting	Emphasize the need for daily posting to the creditor accounts affected.
O. Sales Taxes	
1. Legal and business implications	Discuss how the collection of taxes affects the businessman. Refer to current sales tax regulations for your area. Illustrate the use of a special column for Sales Taxes Payable in the Sales Journal and the Cash Receipts Journal.
2. Entries to record sales taxes	
a. Charge sales	
b. Cash sales	
P. Merchandise Inventory Account	
1. The nature of the account	Consider the problem of determining the cost of merchandise sold in order to find the profit on sales.
2. Trading section of the Income Statement	
a. Merchandise inventory on hand	
b. Cost of goods sold	Illustrate the process for determining the cost of goods sold. Use simple arithmetic problems in which students first find the total goods available for sale and then use the dollar amount of the inventory (taken by a physical count) to determine the cost of goods sold.
Q. Trial Balance and Financial Statements	
1. Trial Balance	Review procedures for locating errors in a trial balance that does not balance.

Content	Teaching Suggestions
2. Worksheet	Consider the special treatment of merchandise inventory in a eight-column worksheet. Limit to adjustments for merchandise, supplies, and prepaid insurance.
3. Preparation of statements from worksheet a. Income Statement	Provide students with aids such as a model form, textbook illustration, or a previously prepared statement.
b. Balance Sheet	Elicit the reason why only the ending inventory is used in the Balance Sheet to focus on the purpose of the statement.
R. Closing Entries 1. Ledger accounts	Closing entries should be taught only on the acquaintanceship level, i.e., students may receive assistance from the teacher, work from the open book, or work as a group at this stage.
2. General Journal	
S. Postclosing Trial Balance	
T. Systems Flowcharting 1. Manual system flowchart	Review the accounting cycle by preparing a flowchart for a merchandising business similar to the one developed in Module I for a service business.
2. Automated systems flowchart a. Computer components • Input • Central processing unit	Refer to Appendix for a discussion of "Elements of a Computer Data Processing System." Discuss card, tape, and disk media. Point out the purpose of the computer program in directing the input, processing, and output of data.
• Output	Exhibit illustrations of various output media found in data processing and other reference books. Refer to the computer application flowcharts on Accounts Payable in the Appendix and on Payroll in Part II of Bookkeeping/ Accounting 2 for illustrations of both input and output media.
b. Computer application	Discuss the simplified flowchart of journals, ledgers, and financial statement shown in Appendix A. Compare the automated with the manual systems

Content	Teaching Suggestions
	flowchart of the accounting cycle. If, at this time it seems desirable to introduce a detailed flowchart of a specific computerized application, introduce the automated accounts payable system described in the Appendix.
U. One-write Systems	
1. Pegboards	Discuss the use of pegboards for preparing a payroll or processing sales on credit.
2. Strip accounting	Illustrate the use of strip accounting forms for preparing various types of company reports.
V. Journal-less Accounting	
1. Credit sales transactions	Flowchart the process of handling credit sales and credit purchases without the use of a formal journal.
2. Credit purchases transactions	
W. Ledger-less Accounting	
1. Credit sale transactions	Flowchart the process of handling credit sales and credit purchases in a bookkeeping system where subsidiary ledgers are not used.
2. Credit purchases transactions	

BOOKKEEPING AND ACCOUNTING 1

MODULE III. MULTI-BOOKKEEPER SYSTEM

Module III introduces the student to a bookkeeping/accounting system where two or more bookkeepers are employed to handle certain of the subsystems. Four subsystems will be studied in considerable detail so the student is able to handle one or more of the subsystems and see its relationship to the total bookkeeping/accounting system. The four subsystems will cover tasks commonly associated with the following job titles: payroll clerk, office cashier, accounts receivable clerk, accounts payable clerk.

Approximately four to six clock hours should be devoted to payroll recordkeeping at the beginning of this Module. The content necessary for applying account clerk skills to the specific tasks associated with the job of payroll clerk, office cashier, accounts receivable clerk, and accounts payable will then have been covered. It is suggested that one project or simulated bookkeeping/accounting system encompassing these four subsystems be introduced at this time or that the teacher utilize four independent simulations, each based upon only one of the subsystems. Which of these two procedures is followed may be determined by the availability of suitable simulations. If four independent simulations are used, however, the teacher should be particularly careful to point out how the subsystems function with respect to each other and within the total bookkeeping system. Instructional materials suited to Module III will be listed in a bibliography to be supplied later by the Bureau.

Prior to the simulation(s), it is recommended that the teacher flowchart the sequence of steps to be followed in each of the subsystems and point out the verification, recording processes, and flow of source documents between the subsystems.

A computerized application of accounts payable should be covered at the end of Module III that will provide students with an introductory knowledge of automated methods. A systems flowchart and description of each step is provided in the Appendix. This application is based upon a disk-oriented system.

Upon completion of Module III, students should have mastered those skills and knowledges required for typical entry-level manual bookkeeping positions involving one or more of the subsystems covered.

Each of the subsystems is described in terms of an employee's principal job tasks and the content to be covered as part of the job simulations. Most of this content will have previously been covered in Modules I and II. Very little reteaching of content should be necessary before the student actually begins each simulation. It is recommended that teachers carefully review the content of each subsystem, however, as a guide to the selection or development of appropriate simulated materials. The emphasis throughout this module should be on the student's ability to demonstrate job performance of the tasks that would be required of an employee placed in charge of one of these subsystems.

III-A. THE PAYROLL CLERK - D.O.T. 215.488

JOB DESCRIPTION

The payroll clerk:

- Makes certain that each employee of the company files a W-4 (Employee's Withholding Exemption Certificate) or a W-4E (Exemption from Withholding Certificate)
- Determine payroll deductions; such as FICA Taxes, Federal and State Withholding Taxes
- Prepares salary (voucher) checks for each employee
- Prepares the payroll register
- Enters payroll information on individual employee's earnings statement
- Periodically reconciles the totals of the payroll register with the totals of the employees' earnings statements
- Prepares governmental payroll tax forms
- Annually computes information needed to complete a W-2 (Federal Wage and Tax Statement) for each employee

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of this module the student should be able to:

1. List 10 duties and responsibilities of a payroll clerk.
2. Define 10 common terms associated with the work of a payroll clerk.
3. Explain the difference between regular and overtime wages.
4. Calculate regular and overtime hours for 3 different employees from the employees' time cards covering 1 week of work.
5. Compute the gross earnings for 1 week for 5 different employees —— 1 on a hourly basis, 1 paid on a piece work basis, 1 on a commission basis, 1 earning a straight salary, and 1 earning both a salary and a commission.
6. Determine the Federal and State income tax deductions for 3 employees with a different number of dependents using withholding tax tables, and FICA Taxes based upon their gross earnings for 2 successive weeks.
7. Prepare a payroll register from data provided for 5 employees.
8. Complete employee earnings statement for each of 3 employees, based upon the employees' earnings over a 4-week period.
9. Explain the relationship between the summarized payroll register and the summarized earnings statement.
10. Prepare 3 employee paychecks with detachable stubs showing deductions from data provided as to amount of the check and the deductions.
11. Explain the purpose of and give the filing dates for the following Federal and State payroll tax forms: Federal 501, 941, W2, W4; State IT 2101, IT 2102.

III-A. The Payroll Clerk

Content	Teaching Suggestions
1. Employee Time Cards	Show samples of various employee time cards. Discuss procedures for determining the number of hours worked. For example, many employees are paid on an hourly basis and a 40-hour week. Overtime is paid for hours worked in excess of 40. In other companies, employees are paid on an 8-hour day basis. This means that for every hour over 8 worked in any day the employee will be paid at the overtime rate.
2. Determining Gross Earnings a. Piece work b. Hourly rate c. Commission d. Salary e. Salary and commission f. Other g. Overtime	
3. Deductions from Gross Earnings a. FICA tax	Obtain current forms and other materials from your regional office of The Internal Revenue Service. Refer to IRS Publication 15, Circular E, Employer's Tax Guide for FICA Tax. Use charts to determine FICA at current rate. Explain calculation as percent of annual gross earnings up to a maximum amount (1977 - $16,500 at 5.85%).
b. Federal income tax withholding	Practice use of tax tables. Refer to W-4 form for number of exemptions. Point out to students that gross earnings and number of exemptions determine the withholding tax. Explain to students the use of the W-4E form, "Exemption from Withholding." The form may be used by employees who did not pay a federal tax during the previous year and who do not expect to pay taxes during the current year. If the form W-4E is filled with the employer, no federal income tax will be taken out of the employee's pay.

Content	Teaching Suggestions
c. N.Y. State income tax withholding	Use New York State withholding tax tables. The State forms IT-2104 and IT-2104E are used for the same purposes as Federal forms W-4 and W-4E.
d. N.Y. State disability insurance	One half of one per cent (.005) of the first $60 of weekly salary may be deducted as the employee's share of disability insurance. However, the employer is permitted by law to pay all the disability insurance, if he/she chooses.
e. City income tax withholding	Point out that some large cities also require withholding tax deductions.
f. Voluntary deductions	Hospitalization, savings bonds, union dues, and other deductions may be authorized by an employee.
g. Net pay	Discuss methods of payment: i.e., cash, check, direct payment to payee's designated bank. Discuss use of a currency breakdown and memorandum. Emphasize advantage of payment by voucher check. Discuss check preparation in an automated system. See flowchart — Manual System (Appendix). See flowchart — Automated System (Appendix).
4. Payroll Records a. Employee's master card	Introduce the employee's master card used by some companies as a record of fixed information relating to a specific employee: name, address, social security number, marital status, number of exemptions, and other data of significance.
b. Payroll register	Point out that this document summarizing the payroll is prepared each pay period.

Content	Teaching Suggestions
c. Employee earnings record d. Pay check and check stub e. Prepare payroll register, EER's and checks	Emphasize that an employee earnings record contains all the payroll data for one person. The information is posted to each employee earnings record every pay period and is accumulated quarterly for reporting governmental payroll tax forms.
f. Controls	Explain the relationship between the payroll register total and the summarized earnings statements.
5. Payroll Tax Forms a. Federal • Federal Tax Deposit Form 501 • Federal Tax Deposit, Unemployment Taxes — Form 508* • Employer's Quarterly Federal Tax Return — Form 941 • Transmittal of Income and Tax Statements — Form W-3*	Obtain forms from district offices of the Internal Revenue Service. The cities in which district offices of the IRS are located are indicated in the introduction section of the syllabus. Complete an Employer's Quarterly Federal Tax Return — Form 941 to illustrate using the employee earnings records. Familiarize pupils with the purpose and filing dates of each form.
• Employer's Annual Federal Unemployment Tax Return — Form 940* • Federal Tax and Wage Statement — Form W-2	Coverage of the following forms is optional: Federal W-3, 508, 940; State IT-2103.
b. State • State Income Tax Withheld — IT-2101 • Reconciliation of Personal Income Tax Withheld — IT-2103* • Wage and Tax Statement — IT-2102	Obtain forms from offices of the State Department of Taxation and Finance. Cities in which these offices are located are listed in the section on Supplementary Materials in the Introduction of this syllabus. Explain the purpose and filing dates for these forms and the source of the data required to complete the forms. If State unemployment tax forms are desired, request Form IA-5 — Employers Report of Contributions from the Unemployment Insurance Division, Department of Labor, State Office Building Campus, Albany, NY 12201.

*Optional

Content	Teaching Suggestions
6. Entry for Payment of the Payroll	
a. Need for special liability accounts	At this time, the summary entry should be presented to help the student understand the relationship of the payroll records to the total set of books.
b. Multicolumnar Cash Payments Journal	Discuss the use of the totals derived on a Payroll Register as control figures for subsequent entries, i.e. Salaries, Dr.; FICA Taxes Payable, Cr.; Federal Withholding Taxes Payable, Cr.; State withholding Taxes Payable, Cr.; Cash, Cr.
c. Direct posting from a payroll register	In some bookkeeping systems, the Payroll Register is used as a book of original entry. Discuss the use of the Net Payroll, Dr. column in the Cash Payments Journal to save space and reduce error.
7. Summary of Duties of a Payroll Clerk	Use this opportunity to summarize the various tasks performed by a payroll clerk. A flowchart may be used to provide a more graphic summary.

III-B. OFFICE CASHIER - D.O.T. 211.368

JOB DESCRIPTION

An office cashier is responsible for one or more of the following tasks:

- Receiving money
- Paying money (writing checks)
- Making bank deposits
- Keeping an accurate cash journal or log
- Reconciling bank statements with the checkbook and other company records
- Maintaining petty cash and an accurate record of all disbursements
- Recording entries in the Cash Payment and Cash Receipts Journals

An office cashier has considerable responsibility related to the handling of cash. A cashier must be efficient in his/her own specific duties and must also be familiar with the functions of the other office personnel. This is due to the fact that certain disbursements are related to the nature of other employees' responsibilities.

Accuracy and a strong sense of responsibility in the handling of money and money records is essential. One person should be assigned to receive cash, another to record the receipt. Similarly, a different person should be given the responsibility for recording cash payments and check writing from the person or persons authorized to sign checks. This separation of responsibility provides an excellent system of internal control.

The records maintained by a cashier often involve the calculation of discounts and addition of long columns of figures. Most offices today, however, are provided with mechanical or electronic equipment to assist the cashier with these responsibilities.

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of this module the student should be able to:

1. List 5 duties and responsibilities of an office cashier.
2. Explain the process of verifying cash received from merchandise sales against the customer's sales invoice, statement of account, or account balance.
3. Compute the amount of the cash discount for a series of sales transactions with terms involving cash discount.
4. Journalize in a Cash Receipts Journal or Cash Book money received for merchandise sold on account, given two transactions or source documents involving cash discounts and sales taxes.
5. Endorse 5 checks for deposit and prepare an appropriate bank deposit slip.
6. Determine the amount due on 2 purchase invoices, one of which entitles the buyer to a cash discount, and prepare the check stubs and checks.
7. Record in a Cash Payments Journal or Cash Book a series of 10 business transactions, given appropriate source documents.

STUDENT PERFORMANCE OBJECTIVES (Cont'd)

8. Establish, record 5 disbursements, and replenish a petty cash fund, given appropriate source documents.
9. Reconcile a checkbook with the bank balance on a particular date, given the bank statement, checkbook stubs, and cancelled checks.
10. Demonstrate knowledge of the procedure followed for proving cash.
11. Identify 3 means for providing internal checks or controls of cash receipts and cash payments.

Content	Teaching Suggestions
1. The Job of the Office Cashier a. Duties and responsibilities b. Vertical and horizontal relationships c. Need for records and control	Invite an office cashier in your community to explain his or her duties to the class. Refer to the job description in the introductory section of this submodule.
2. Receiving Money a. Forms of Money • Currency and coins • Checks: cashiers', certified, voucher, travelers' b. Verifying receipts against sales invoices c. Verifying the cash discount d. Checking sales returns and allowances	Explain reasons why cash is received in various forms in a business organization. Explain procedures followed when a payment is received from a customer. • A copy of the sales invoice being paid by the customer is pulled from the unpaid sales invoice file. • The discount taken by the customer should be verified. Explain reasons for returns and allowances and how they may affect the difference between the invoice and the amount received.
3. Procedures Followed When Journalizing Cash Receipts a. Source documents • Deposit slip copy	Point out that many different source documents may be involved depending upon the cash receipts system used in a particular business. A common procedure used today is to record each check received in a Cash Receipts Register after it is verified. Explain other common procedures: • During the day that checks and cash are received, a deposit slip is prepared and a copy, along

Content	Teaching Suggestions
	with the corresponding sales invoices, become the source documents for the entry in the Cash Receipts Journal or Cash Book.
• Remittance slip	• A remittance slip, attached to the check (voucher check) received from the customer, can be used as the source document for recording cash receipts. The remittance slip is compared with the corresponding invoice(s) before being recorded.
• The daily cash sheet	• Checks received are recorded on a daily cash sheet (only the total is recorded in the Cash Receipts Journal). The cash sheet becomes the source document for amounts posted to the Accounts Receivable Ledger.
• A receipt	• A receipt is used in those instances where currency was the form of payment on account, or where a direct cash sale was made.
• Sales slip	• A sales slip is issued for each cash sale.
• Cash proof slip • Cash register tape (receipt tape) • Cash refund slip	• A cash proof slip or cash register tape is journalized in businesses that use cash registers.
• Credit memorandums • Sales invoices	• Remind students that when a sales return or allowance is involved, a credit memo and sales invoice will be needed to complete the entry in the Cash Receipts Journal.
b. Recording receipts of cash in Cash Receipts Journal	Discuss the memorandum entry.
• Cash sales	Review the forms and records that might serve as source documents for cash sale entries.
• Receipts on account	Review the Sales Discount account.
	Describe what is done with the source documents after the proper entry has been recorded in the Cash Receipts Journal: • Copies of the receipts and a listing of the receipts are sent to the Accounts Receivable Clerk for posting to the Accounts Receivable Ledger.

Content	Teaching Suggestions
	• Checks are prepared for deposit. • The invoices and credit memos will then be filed in the paid sales invoices file. • The Cash Receipts Journal can be used by the accounts receivable clerk for posting.
	Teachers are encouraged to familiarize students with cash receipts systems employing procedures other than those described in this section.
4. Preparing Bank Deposits a. Cash - Wrapping coins and currency	
b. Deposit slip	Several types of deposit slips should be examined by the class.
• Listing checks	Explain ABA numbers and show how checks should be listed.
• Endorsements: blank, full, and restrictive	Treat the advantages and disadvantages of only blank, full, and restrictive endorsements. Explain the use of a rubber stamp for the restrictive endorsement.
c. Verifying total	Students should learn to use adding-listing machines, always adding twice to get <u>two</u> tapes to check accuracy.
d. The deposit receipt	Have students attach an adding machine tape to the duplicate deposit slip. Point out that deposits are often noted in the cash journals. Remind pupils that deposit slips are sometimes used as the source document for entering cash receipts in the Cash Receipts Journal. In any event, the deposit slip should be checked against the Cash Receipts Journal. Show recommended procedures for recording deposits in a checkbook.

Content	Teaching Suggestions
5. Cash Payments	
a. Checking purchase invoices	
b. Authorizing payment	Explain various authorization procedures.
c. Calculating the cash discount	Review the calculation of discounts to determine the amount of the check to be written.
d. Writing checks • Checks stubs • Parties to a check - Payee - Drawee - Drawer	A series of check stubs and checks should be prepared by each student. Give students the opportunity to use a checkwriting machine. Review the purpose of voucher checks.
e. Paying an invoice involving a purchase return and allowance	Show the effect of a return or allowance on the amount paid as compared to the original invoice.
f. EDP methods	Refer to the Computerized Accounts Payable section in the appendix.
6. Recording Cash Payments	
a. Source documents • Check stubs • Purchase invoice • Credit memos • Voucher check • Expense bills - Electricity - Premium notice - Supplies - Freight - Others	Point out that these source documents are used for posting to the Accounts Payable Ledger if the Cash Payments Journal is not used as the basis for posting to the Accounts Payable Ledger.
b. Cash Payments Journal • Cash purchase • Payments on account • Cash discount	Introduce other terminology such as Cash Book or Log. Describe a journalless cash payments system. Review the purchases discount account. Point out that invoices received from creditors are often in duplicate so that one copy can be returned with the payment and the other, marked paid (with the check number and date noted), and retained for the files.

Content	Teaching Suggestions
	Paid invoices and related credit memos are filed in the paid invoices file.
• Other cash payments	Review entries for types of payments covered in previous modules which have not been covered in this module.
• EDP methods	Relate the manual method for recording cash payments covered in this section to the electronic data processing system shown in the Computerized Accounts Payable Section in the Appendix.
7. Bank Reconciliation	Review how checkbook and bank statement are brought into agreement. Discuss procedures for correcting errors.
8. Petty Cash	This topic was introduced in Module I. Very little reteaching should be necessary at this time.
a. Establish fund	The fact should be stressed that this is simply a transfer of cash from the bank to a more readily available place.
b. Withdrawals	All money withdrawn from the fund must be accounted for.
• Receipts • Vouchers • Petty Cash Book	• If a formal receipt is not obtained, a voucher must be issued and signed. • Entries are made in this book whenever money is withdrawn from petty cash, but the Petty Cash Book is not a book of original entry and no postings are made from it.
c. Proof • Petty cash summary	The amount available in petty cash should be able to be proven at any time with the established amount.
• Replenish fund	Show the entry in the Cash Payments Journal.
9. Proving Cash a. Charge fund	
b. Proof of cash form	

III-B. Office Cashier

Content	Teaching Suggestions
10. Internal Control a. Division of responsibility	Point out that the cashier who receives the money is not the one who makes the journal entries.
b. Authorization initials	
11. Summary of Duties of The Cashier	Flowchart the activities of an office cashier. Use this as an opportunity to summarize the various duties of handling cash receipts and cash payments.

III-C. ACCOUNTS RECEIVABLE CLERK - D.O.T. 219.438

JOB DESCRIPTION

An accounts receivable clerk verifies the customer's account number and name on each prepared invoice to insure that they correspond with the attached copies of the original purchase order and packing slip. With the aid of a calculator, the clerk then checks listings, such as product name or code, number of units ordered and shipped, and the unit price of each item, to verify the accuracy of listed discounts, charges, and the total price. Ledger cards for regular customers are then drawn from departmental files, and for new customers, ledger cards are prepared by typing the customer's name and number on a blank card. The clerk then posts each invoice to the appropriate customer ledger card. Monthly totals are compared against a summary prepared by the billing clerk to insure the proper billing of all items shipped. Invoices are checked against daily listings to locate discrepancies when monthly billings and shipping totals are not in agreement.

Copies of receipts given to customers in payment of purchases are obtained from the office cashier. These receipts are arranged alphabetically by customer name. Using an adding machine, the clerk calculates the total of thses receipts and retains the tape for verification with Cash Receipts Journal and Accounts Receivable Ledger postings and totals. The details of each receipt are then posted to the appropriate Customer Ledger Card.

Debits and credits on the Customer Ledger Cards are added monthly to obtain a trial balance — Schedule of Accounts Receivable. Outstanding account balances are listed by length of time overdue in the form of an Age Analysis Report for the Controller as requested.

A Statement of Account is prepared monthly for each customer; and correspondence with customers is answered regarding discrepancies in billing and/or payments.

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of this module, the student should be able to:

1. Describe 4 duties and responsibilities performed by an accounts receivable clerk.
2. Identify 4 possible ways an order for merchandise might be received by a business.
3. Prepare a customer invoice consisting of 5 items and involving a cash discount and sales taxes on the basis of a shipping order or appropriate source document.
4. Journalize 4 merchandise sales on account in a Sales Journal, given the corresponding sales invoices.
5. Journalize the batch total of 4 invoices to a Sales Journal.
6. Post to an Accounts Receivable Ledger a sale of merchandise, a sales return and allowance, and a cash receipt, given a sales invoice, credit memorandum, and appropriate source document for cash received.
7. Prepare Statements of Account for 2 customers from the customer ledger accounts.

8. Prepare a Schedule of Accounts Receivable for an Accounts Receivable Ledger containing 10 open accounts.
9. Prepare an "aging" schedule of accounts receivable for approximately 10 open accounts.

Content	Teaching Suggestions
1. Duties and Responsibilities	Review the job description and discuss career opportunities and career paths. Show employment want ads and invite an accounting clerk to describe his job activities to the students.
2. Processing Orders a. How orders are received • Purchase order form • Salesman's order form • Letter from customer • Telephone order	Point out that for many types of businesses, orders from customers are in the form of purchase orders. Discuss other methods of ordering by customers such as through salesmen, over the counter, or by telephone.
b. Filling the order • Shipping order • Packing slip	Many companies prepare a shipping order when a purchase order is received. Show examples of catalogs and price lists that are used in preparing the shipping order. The shipping order is compared with the purchase order after it is typed. The number of copies might vary, but one is usually sent to the: 1. Sales department 2. Customer, acknowledging the order 3. Credit department 4. Stockroom 5. Customer, with the goods (Packing Slip). 6. Invoicing clerk Point out that instead of preparing a shipping order many companies will prepare the above-mentioned copies as part of the invoice set.
3. Billing a. Invoice parts	Show sample invoices and discuss the sections.

Content	Teaching Suggestions
b. Invoice preparation	Discuss sources used in preparing invoices (sec. 2.a.). Describe the different methods of preparing invoices: typewriter and adding machine, billing machine, accounting machine, flexowriter, computers. Point out that two copies of the invoice set are sent to the customer, one of which can be returned with the payment. Other copies could be used for sales analysis, computing salesmen's commissions, and for posting to customers' accounts.
c. Invoice verification	Items, numbers, amounts, and terms on the invoice should be checked carefully and compared to the source data.
d. Customers' invoice file	A copy of the invoice and the source data copy (shipping order, for example) is filed for comparison when payment is received from the customer.
4. Recording Sales	
a. Journalizing	
• Source document	Point out that invoices are received from the Billing Department. The total of each batch of the invoices (prepared on an adding machine) is attached.
• Sales Journal	Discuss a journal-less sales and accounts receivable system. Review posting of totals.
b. Posting invoices	
• Source document	Discuss sales slips and invoices as well as the Sales Journal; compare source documents used for posting to the customers' ledger by local businesses. Review the posting procedure and show the relationship of this subsidiary ledger to the General Ledger controlling account.
• Accounts Receivable Ledger	Explain that calculations are made to verify accuracy of listed discounts, charges, and total prices. Postings are balanced against the summary prepared by the billing clerk.

Content	Teaching Suggestions
5. Sales Returns and Allowances a. Credit memorandum	Explain reasons for granting credit for returned merchandise. Point out that the Accounts Receivable Clerk does not journalize the entry for a sales return and allowance. Show the procedure for posting credit memos to the Accounts Receivable Ledger.
b. Posting	Point out that the Accounts Receivable Clerk would post the amount from a copy of the credit memorandum entered in the General Journal by the Head Bookkeeper.
6. Posting Cash Receipts a. Source documents	Review the procedures for receiving and recording cash receipts in the Office Cashiering outline. Show examples of typical forms used when cash receipts are posted directly from source documents instead of the Cash Receipts Journal.
b. Accounts Receivable Ledger	Show that an adding machine tape of the total batch of receipts has been prepared by the Office Cashier. The Accounts Receivable Clerk will compare the tape summary with an adding machine tape summary of the postings made to the Accounts Receivable Ledger to verify the accuracy of the posting. Review the posting procedure and show the relationship of this ledger to the controlling account in the General Ledger.
7. Statements of Account a. Purpose b. Preparation	Display Statements of Account used by local businesses and review their purpose and methods of preparation.
8. Schedule of Accounts Receivable a. Purpose b. Preparation c. Control	Include procedure for preparing a Schedule of Accounts Receivable and relate it to the general ledger controlling account.

III-C. Accounts Receivable Clerk

Content	Teaching Suggestions
9. Age Analysis Report a. Purpose	Acquaint pupils with procedures for listing amounts owed by customers according to length of time owed.
b. Procedure	
10. Summary of Duties of an Accounts Receivable Clerk	Flowchart the activities performed by an Accounts Receivable Clerk (see description, page 43.) Use this as an opportunity to review the tasks performed by an employee in charge of the subsystem.

III-D. ACCOUNTS PAYABLE CLERK — D.O.T. 219.488

JOB DESCRIPTION

An accounts payable clerk obtains copies of purchase orders and receiving reports from departmental files upon the receipt of invoices from vendors. The accounts payable clerk checks itemized listings on invoices against the purchase orders and receiving reports to detect errors in billing and pricing. Calculations on invoices are also checked for accuracy.

The accounts payable clerk then sorts the vendors' invoices by company name, determines the total gross amount of these invoices, the appropriate discount, and the net amount due on each invoice. This step may be performed with the aid of an adding machine or calculator. The amount of each vendor's invoice is recorded in the Purchases Journal. The clerk then uses an adding machine to verify the addition in the Purchases Journal. The source documents are arranged alphabetically by creditor (vendor) name and posted to the Accounts Payable Ledger. The total of these postings is then checked against the batch total received from the Office Cashier.

Source documents or data involving cash payments (checks, copies of remittance slips, check stubs, or Cash Payments Journal) are obtained from the Office Cashier. An adding machine tape, providing a total of the source documents received from the Office Cashier, is attached to each batch of source documents. The source documents in the batch and adding machine tapes are compared by the accounts payable clerk to assure accuracy. The source documents are then arranged alphabetically by creditor (vendor) and posted to the Accounts Payable Ledger. A total of the postings is determined with the use of an adding machine and checked against the batch total received from the office cashier.

The accounts payable clerk may make contact with merchandise creditors to verify account balances and payments. He or she may be called upon to compare Statements of Account received from vendors with the Accounts Payable Ledger accounts, prepare periodically a listing of bills outstanding for credit purchases, and summarize the total amount due in the form of a Schedule of Accounts Payable.

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of this module the student should be able to:

1. Describe 5 duties and responsibilities performed by an accounts payable clerk.
2. Name 5 business forms used in business in connection with the purchase of merchandise on account and indicate how or where each form is originated.
3. Explain the process of verifying the amount and type of merchandise received from a vendor against a purchase order.
4. Audit 4 purchase invoices received from vendors against the corresponding purchase orders.
5. Record 4 audited purchase invoices in a Purchases Journal.

6. Post purchases on account to the Accounts Payable Ledger from a Purchase Journal.
7. Post purchases on account to the Accounts Payable Ledger using the invoices that have been recorded in the Purchases Journal as source documents.
8. Explain how a credit memorandum might originate and the information it should contain.
9. Post information from 2 credit memorandums to the appropriate Accounts Payable Ledger account.
10. Post from source documents 3 payments of cash to creditors on account.
11. Reconcile a Statement of Account received from a vendor against the creditor's ledger account.
12. Prepare a Schedule of Accounts Payable from an Accounts Payable Ledger containing 10 open accounts.

Content	Teaching Suggestions
1. Duties and Responsibilities	Review the job description and discuss potential career paths. Use want ads to show accounting clerk career opportunities.
2. Purchases a. Ordering • Request for quotation	Explain that in medium and large size businesses a purchasing agent or purchasing department maintains a file of price quotations for the suppliers (vendors) from whom items are purchased.
• Purchase requisition	The departments in the company prepare a purchase requisition when their inventory reaches the reorder level. Discuss stock cards briefly at this point.
• Purchase order	If the purchase requisition is approved, a purchase order is prepared and sent to a vendor. Copies are kept on file in the Accounting and Receiving Departments.
b. Receiving • Receiving report	Goods received are accompanied by a packing slip. The order is unpacked and inspected and a receiving report may be prepared.
• Purchase order verification	The receiving report or the packing slip is compared with the purchase order. They are filed for use when the invoice arrives.

Content	Teaching Suggestions
3. Processing Invoices Received	
a. Compare purchase order and invoice	The quantity, unit prices, total amount, and terms on the invoice are checked against the purchase order and receiving report.
b. Audit the invoice	The date the invoice is received is recorded on the invoice, the extensions are calculated, the discount is verified, and the invoice is initialed when the audit is completed.
4. Recording the Invoice	
a. Purchases Journal	Review the recording process by which the journal entries are prepared from the invoices. Explain the purpose of the chronological listing of transactions. Describe a journal-less accounts payable system. Review the Accounts Payable controlling account in the General Ledger.
b. Accounts Payable Ledger	Point out that creditors' accounts can be kept on separate ledger cards or in a bound ledger. Credits can be posted from either the invoices or the Purchases Journal. Teach both procedures.
5. Unpaid Invoices File	Explain the importance of maintaining an accurate file of creditors' invoices by due date. Discuss how to determine due dates and compute discounts. Explain that invoices are pulled a few days prior to their due date for authorization of payment and preparation of checks by the office cashier.
6. Purchases Returns and Allowances	
a. Credit memorandum	Discuss reasons why a creditor might issue a credit memo. Point out that the entry for Purchase Returns and Allowances will not be journalized by the accounts payable clerk. Explain the effect of credit memos on the creditors' accounts.

Content	Teaching Suggestions
b. Posting to the Accounts Payable Ledger	The accounts payable clerk posts credit memos that have been journalized by the bookkeeper.
7. Posting Cash Payments	Review cash payment procedures in the Office Cashiering submodule.
a. Source documents b. Accounts Payable Ledger	Point out that, depending upon the type of bookkeeping system used, source documents will vary, such as copies of voucher checks, receipts, and invoices. Cash payments might be posted to the Accounts Payable Ledger from the Cash Payments Journal. Relate common procedures in local business.
8. Statements of Account	Indicate that the debits and credits in the creditors' accounts should be checked against the list of monthly transactions on the Statements of Account received from creditors.
9. Schedule of Accounts Payable a. Purpose b. Preparation	Discuss the purpose of the Schedule of Accounts Payable and how it is prepared. Explain why the Schedule of Accounts Payable should balance with the Accounts Payable controlling account.
10. Computerized Accounts Payable	Refer to Appendix B to show pupils electronic data processing methods for handling Accounts Payable.

BOOKKEEPING AND ACCOUNTING 1

MODULE IV. SIMULATION OF A BOOKKEEPING/ACCOUNTING SYSTEM FOR A MERCHANDISING BUSINESS

BOOKKEEPER (CLERICAL) I (FULL-CHARGE BOOKKEEPER) - D.O.T. 210.388

JOB DESCRIPTION

A bookkeeper (clerical) I, or full-time bookkeeper, keeps the financial records required by a business organization. The job requires that the bookkeeper verify and enter details of business transactions in chronological order as they occur in various journals of original entry from such source documents as sales slips, invoices, checkbook stubs, purchases orders, etc. Information from these journals is also summarized and posted individually to general and subsidiary ledgers. The bookkeeper summarizes details from the subsidiary and general ledgers, balances the books and compiles financial statements and statistical reports dealing with cash receipts and expenditures, accounts payable and receivable, the company income (income statement), company assets (balance sheet), and other information pertinent to the operation of the business. Such a bookkeeper prepares the company payroll, individual employee earnings records, and a variety of governmental reports dealing with income taxes, sales taxes, funds withheld from employees earnings for income tax purposes, and other business-related matters.

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of this module the student should be able to:

1. Record a series of 15 business transactions for a merchandising business in the following journals:
   a. Purchases Journal
   b. Sales Journal
   c. Cash Receipts Journal
   d. Cash Payments Journal
   e. General Journal
2. Post all entries in the books of original entry to the proper ledger accounts.
3. Prepare a trial balance of the General Ledger
4. Prepare a Schedule of Accounts Receivable from the Accounts Receivable Ledger.
5. Prepare a Schedule of Accounts Payable from the Accounts Payable Ledger.
6. Prepare a Worksheet, Balance Sheet, and Income Statement with the aid of an open textbook.
7. Prepare the adjusting entries.
8. Prepare the closing entries with the aid of an open textbook.
9. Close and rule the ledger accounts.
10. Prepare a post-closing trial balance of the General Ledger.

Content	Teaching Suggestions
A. Organize a Set of Bookkeeping/ Accounting Records 1. Journals	Approximately three weeks (one-period classes, daily) should be allotted to this review via simulation.

Content	Teaching Suggestions
a. Purchases b. Sales c. Cash Receipts d. Cash Payments e. Four-Column General Journal	
2. Ledgers a. General Ledger b. Accounts Receivable Ledger c. Accounts Payable Ledger	
3. Petty Cash Book	
B. Journalize Transactions	
1. Purchase and sale of assets	Review the organization and flow of source documents.
2. Purchase and sale of merchandise a. Cash b. On account	Not only the entry to record the payroll, but the payroll register and employees' earnings records should be prepared as well if feasible in the simulation being used.
3. Purchase returns and allowances	
4. Sales returns and allowances	
5. Cash receipts	
6. Cash payments	
7. Cash withdrawal	
8. Establishing and replenishing the petty cash fund	
C. Process Cash Documents	If forms are not included in the simulation being used, try to adapt samples from other sources or review the forms and procedures involved.
1. Petty Cash Book	
2. Checkbook	
3. Bank deposits	
4. Bank reconciliation	
5. Cash proof	
D. Post to the Ledgers	
1. Foot and prove journals	Crossfoot totals to verify accuracy of columns.

Content	Teaching Suggestions
2. Post items to be posted individually	Review posting references.
3. Post column totals to the General Ledger	
E. Prepare Schedules	
1. Schedule of Accounts Receivable	Compare schedule totals with the controlling accounts in the General Ledger.
2. Schedule of Accounts Payable.	
F. Prepare the Worksheet	Review error detection when final balance totals do not equal.
1. Trial balance columns	
2. Adjustments columns	It might be necessary to review the worksheet, financial statements, adjusting and closing entries and closing the ledger. Permit the students to use an open textbook as these tasks are performed. Heretofore some of these tasks have been covered only on an acquaintanceship basis.
3. Income statement and balance sheet columns	
G. Prepare Financial Statements	
1. Income Statement	
2. Balance Sheet	
H. Close the Ledger	The adjusting and closing entries have not been taught beyond the acquaintanceship level up to this point in the Bookkeeping/Accounting 1 course. Therefore, the teacher should expect to assist pupils with this step in the accounting cycle.
1. Adjusting entries	
2. Closing entries	
3. Balancing and ruling ledger accounts	
I. Prepare Post-Closing Trial Balance	

BOOKKEEPING AND ACCOUNTING 2

Bookkeeping and Accounting 2 should be studied by any student who aspires to bookkeeping and accounting as a career. It is also recommended for students who will possibly be solely responsible for handling an entire set of bookkeeping records. The college-bound student who may pursue the study of accounting or business administration has the option of completing this advanced course in many school systems or of substituting a course in College Accounting. Schools that are interested in the development of this latter course should contact the Bureau of Business Education for suggested content.

Bookkeeping and Accounting 2 carries either 1 or 1½ units of Regents credit because of the optional double-period arrangement. The additional laboratory period, however, should be devoted to the solution of practical applications and not for preparing homework assignments.

A Regents examination is provided each June, based on the Department's syllabus.

Performance Objectives

The objectives for the total Bookkeeping and Accounting program are presented in Chapter I of this syllabus. Specific performance objectives are also provided at the beginning of each of the 7 modules of the second year course.

It will be noted that Module I of Bookkeeping and Accounting 2 is devoted to a review of basic bookkeeping and accounting principles and procedures. This will give teachers the opportunity to evaluate student accomplishment prior to starting the second year of study and for reestablishing competencies that may have been lost since the study of Bookkeeping and Accounting I.

In most instances this review period should not require extensive reteaching; rather, it should be characterized as a time for students to "pick up" where they left the content at the close of the first year of study.

Organization of Content

The content of this advanced course is divided into 7 modules. It is expected that teachers will cover the content of the 6 required modules. Module VI is optional, but many instructors should attempt to cover all the content prescribed. It is suggested that the teacher develop a time schedule for each major area in order to set aside enough time to cover Module VII, Simulation, Review, and Career Information.

The Systems Approach

The second year of Bookkeeping and Accounting should again emphasize various bookkeeping systems. Wherever possible, the teacher should provide students the opportunity to explore variations in procedures for handling

a phase of a company's books. It is especially desirable that students examine variations in journal rulings and column designations so they may gain confidence in moving from a "known" to a "new" bookkeeping system.

In the first year of Bookkeeping and Accounting students were introduced to automated systems and to some understandings involving computerized bookkeeping. Bookkeeping and Accounting 2 expands this knowledge as the student becomes accustomed to a computerized payroll system. Flowcharts and a variety of teaching suggestions will, hopefully, help the teacher to present this content with minimum problems.

The Culminating Simulation

This culminating activity can be an especially profitable experience for students. It should help students to "bring the pieces together into an operational whole." Some teachers will rely on the conventional practice set for this activity. Other teachers may find a simulation that will permit more than one student to work jointly on the company books, each accepting responsibility for either a subsystem or the task of head bookkeeper.

It is particularly important at this stage of learning that students understand the "why" of each of their bookkeeping tasks. Furthermore, they should be able to analyze the records they have kept or that have been compiled by other bookkeepers and see the implications of the data for certain types of decision making.

Many students of bookkeeping and accounting will not utilize the knowledge as a full-time bookkeeper. But many students will utilize this learning as a tool for business management or other careers where decisions are based on financial records and reports. Teachers should devote considerable time to the career opportunities associated with the study of bookkeeping and accounting and the job ladders that one might pursue as part of the career advancement process.

BOOKKEEPING AND ACCOUNTING 2

MODULE I. REVIEW OF BASIC BOOKKEEPING/ACCOUNTING PRINCIPLES AND PROCEDURES

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of this module the student should be able to:

1. Analyze and journalize 15 business transactions related to a manufacturing business in the following books of original entry:
   a. Cash Receipts Journal
   b. Cash Payments Journal
   c. Purchases Journal
   d. Sales Journal
   e. Multi-Column General Journal
2. Establish a petty cash system, record a series of 10 petty cash transactions in the petty cash book or journal, summarize and post from the petty cash fund, and replenish the fund.
3. Post the 15 individual entries recorded in the journals to the proper ledger accounts in a/an:
   a. General Ledger
   b. Accounts Receivable Ledger
   c. Accounts Payable Ledger
4. Summarize the General Journal and special journals and post the totals to the appropriate ledger accounts.*
5. Prepare a trial balance of the General Ledger with supporting schedules of Accounts Receivable and Accounts Payable.
6. Complete an 8-column work sheet based on the trial balance of the General Ledger.
7. Prepare an Income Statement and Balance Sheet from the work sheet with a supporting Statement of Cost of Goods Sold and Capital Statement.**
8. Journalize and post adjusting entries for merchandise inventory, supplies inventory, and prepaid insurance.

Content	Teaching Suggestions
A. The Fundamental Accounting Equation 1. Assets = Liabilities + Capital	This module should serve as an opportunity to reinforce student learnings during the first-year course.
Balance Sheet Assets: Dr. (Bal.) | Cr. Liabilities: Dr. | Cr. (Bal.) Capital: Dr. | Cr. (Bal.)	Discuss the fundamental accounting equation. Emphasize the following concepts: • Asset accounts have debit balances. • Liability accounts have credit balances. • Equity accounts have credit balances. • All accounts increase on the side where the balance normally appears.

*In order to conserve time at this stage, the student should not be required to summarize and rule the ledger nor to prepare a post-closing trial balance.

**Some assistance from a textbook may be needed as models.

Content	Teaching Suggestions
Income Statement (Capital Accounts) Expenses | Income Dr. (Bal.) Cr. | Dr. Cr. (Bal.) (Expenses decrease capital) | (Income increases capital)	All accounts decrease on the side opposite where the balance normally appears. Total debits must always equal total credits. Using the accompanying chart, indicate that income and expense accounts are equity accounts and should be analyzed as to how they affect capital. Emphasize the following concepts. Expense accounts decrease capital and thus have debit balances. Income accounts increase capital and thus have credit balances. All accounts increase on the side where the balance normally appears. All accounts decrease on the side opposite where the balance normally appears. Total debits must always equal total credits.
2. Analysis of Selected Transactions a. Opening entry b. Purchase, sale or return of a fixed asset or supply c. Purchase and sale of merchandise • Cash • Credit d. Cash withdrawal from the business e. Cash receipts on account f. Cash payments on account g. Cash payments for expenses h. Miscellaneous transactions	Select illustrative transactions from current texts. Analyze each transaction in "T" account form showing where the account balance normally occurs; and indicate how changes in the account should be recorded.
B. Journalizing Transactions 1. Types of journals a. General Journal b. Special Journals • Cash Receipts Journal • Cash Payments Journal • Purchases Journal • Sales Journal • Multi-Column General Journal c. Other systems	Using the transactions selected above journalize each transaction in General Journal form showing the debits and credits. Indicate what special journals would be used and show how the entry would be recorded.

Content	Teaching Suggestions
2. Completing the journals a. Summarizing the journals b. Proving cash	Demonstrate how each journal should be summarized and proved. Prepare a proof of cash and indicate how it relates to the current cash balance.
3. Petty Cash Systems a. Advantage b. Internal control function c. Maintaining the fund Establishing the fund Disbursements Proving petty cash d. Replenishing the fund e. Other petty cash systems	Review that the need for, and convenience of, a petty cash system. Stress the importance for control purposes of one person being responsible for all of the cash at all times. Similarly, an employee other than the petty cashier should be responsible for approving vouchers. The student must understand that the amount of cash on hand plus the total of the paid vouchers should always equal the original amount of the fund.
C. Posting to the Ledgers 1. Types of ledgers a. General Ledger b. Subsidiary ledgers • Accounts Receivable Ledger • Accounts Payable Ledger	Use this opportunity to review the details of effective posting procedures. Point out that certain journals are posted daily while others are posted less often.
2. Posting from the journals a. Posting individual items b. Posting column totals	Review the process of posting individual items and summary totals.
3. Posting the General Journal	Have students post the entries previously entered in the General Journals and special journals.
4. Posting the special journals a. Cash Receipts Journal b. Cash Payments Journal c. Purchases Journal d. Sales Journal e. Multi-Column General Journal	
5. Other systems	
D. Proving the Accuracy of the Ledgers 1. Subsidiary ledgers a. Schedule of Accounts Receivable b. Schedule of Accounts Payable	Review the need for Schedules of Accounts Receivable and Payable and how these schedules must agree with the controlling amount in the General Ledger.

Content	Teaching Suggestions
2. General Ledger a. Determining account balances b. Preparing the trial balance c. Locating errors • Errors revealed by the trial balance • Errors not revealed by the trial balance	Discuss the types of errors which are usually detected by taking a trial balance. Have the class point out errors that may not be detected although a trial balance is in balance.
E. The Worksheet 1. Trial balance columns 2. Adjustments columns 3. Completing the Income Statement and Balance Sheet columns a. Total the columns b. Determine the net income or net loss c. Complete and rule the worksheet	Stress procedures which facilitate the preparation of a worksheet. Limit the adjustments to those for merchandise, supplies, and prepaid insurance.
F. Preparing the Financial Statement 1. The Income Statement a. Income Section b. Schedule of cost of goods sold c. Gross profit on sales d. Operating expenses e. Net operating income f. Other income and other expense g. Net income-net loss 2. The Balance Sheet a. Assets b. Liabilities c. Capital Statement	Show how the Schedule of Cost of Goods Sold and the Capital Statement are related to the Income Statement and Balance Sheet in the same way that the subsidiary ledgers are related to the General Ledger by use of the Controlling Accounts. Discuss the use of the financial statements by such third parties as banks, creditors, credit information agencies, as well as by management.
G. Closing the Ledger 1. Journalize and post the adjusting entries for merchandise inventory, supplies and prepaid insurance. 2. Journalize and post the closing entries a. Closing income accounts b. Closing expense accounts c. Closing income and expense summary d. Closing the drawings account (optional)	Since this aspect of the bookkeeping cycle may only have been taught on the acquaintanceship level in Bookkeeping/Accounting 1, the teacher should help students acquire greater proficiency. Up to this point students have been permitted to use an open textbook as a guide to the closing process. Begin to "wean" students from this practice. Adjusting and closing on a mastery level, however, will be postponed until Module III, "Completing the Bookkeeping Cycle," which begins on page 67.

Content	Teaching Suggestions
3. Balancing and ruling the ledger accounts	
H. Preparing the Post-Closing Trial Balance	
I. Review the Steps of the Accounting Cycle	Use a flowchart to illustrate and to review the steps in the accounting cycle.

BOOKKEEPING AND ACCOUNTING 2

MODULE II. NOTES AND SPECIAL MERCHANDISING PROCEDURES

A. NOTES

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part A, the student should be able to:

1. List the 5 essentials of a negotiable instrument.
2. Compute by bankers' 60-day 6 percent method the interest due on a note, given the face, term, and rate of interest.
3. Journalize a business transaction involving the receipt of a note from a customer on account.
4. Journalize a business transaction involving the issuance of a note by a business to a bank as the basis of a cash loan.
5. Journalize a business transaction involving the payment of a note.
6. Explain how interest income and interest expense are shown on an Income Statement.
7. Explain under what classification Notes Receivable and Notes Payable are shown on a Balance Sheet.

Content	Teaching Suggestions
1. Essentials of a negotiable instrument	It is desirable that the teacher review with the class the essentials of a negotiable instrument: • In writing and signed by maker or drawer; • An unconditional promise or order; • Payable in a sum certain in money; • Payable on demand, or at a definite time; and • Payable to bearer or to someone's order
2. Computing interest on a note	Interest computations may be made by using simple formulas based on the 360 day bankers' 60-day 6 percent method of calculation. Students should be given practice on simple applications.
3. Notes Receivable a. Illustrative transactions b. Interest as income	Notes Receivable are usually held today only by banks. Deemphasize transactions which involve the receipt of a note from a customer on account.
c. Entries • Receiving a note • Collecting a note	Illustrate the use of a Notes Receivable Register.

Content	Teaching Suggestions
4. Notes Payable a. Illustrative transactions	A businessman who owes money frequently borrows money from his bank on the basis of a note (a Note Payable of the business).
b. Interest as an expense	
c. Entries • Issuing a note • Paying a note	Make students aware that Notes Payable and Notes Receivable Registers may be verified against the appropriate note account in the General Ledger.
d. Notes Payable Register	
5. Dishonored Notes	Explain that a dishonored note should immediately be charged back to the customer's account.
6. Effects on the Financial Statements a. Balance Sheet	It is important that students understand how note transactions are reflected on the Balance Sheet and Income Statement.
b. Income Statement	

BOOKKEEPING AND ACCOUNTING 2

MODULE II. NOTES AND SPECIAL MERCHANDISING PROCEDURES

B. SPECIAL MERCHANDISING PROCEDURES

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part B, the student should be able to:

1. Journalize business transactions involving the collection of sales taxes in connection with (1) a cash sale of merchandise, and (2) a charge sale which involves transportation charges.
2. Journalize a business transaction involving a return or allowance on goods sold subject to a sales tax.
3. Journalize the entry made when sales taxes collected from customers are remitted to the proper agency.
4. Journalize 3 business transactions involving the purchase of merchandise where the cash discount terms are expressed in a different way.
5. Journalize 3 business transactions involving the purchase of merchandise subject to a sales discount.
6. Illustrate how Sales Discount and Purchases Discount are shown on an Income Statement.
7. Journalize 3 business transactions which involve transportation charges on merchandise purchases (1) prepaid by the seller, terms F.O.B. Destination, (2) prepaid by the seller, terms F.O.B. Shipping Point, and (3) paid by the purchaser directly to the transportation company.

Content	Teaching Suggestions
1. Sales Taxes	Review the process of collecting sales taxes. It will be recalled that sales taxes were initially treated in Module II.
a. Legal and business implications	
b. Entries to record sales taxes	
• Charge sale with transportation charges	
• Cash sale involving sales discount	Show the use of a special column for Sales Taxes Payable in a Sales and Cash Receipts Journal.
• Sales returns and allowances	
c. Remitting sales taxes	
2. Discounts	Distinguish between trade and cash discounts by explaining that a trade discount is deducted from a catalog list price, whereas a cash discount is deducted from the invoice price.
a. Meaning and purpose	
• Trade discounts	
• Cash discounts	
b. Advantages to the buyer and seller	Discuss and define invoice terms.
c. Sales Discounts	Emphasize the fact that a discount can never be taken on a total that includes a sales tax.
• Entries	
• Sales discount on the Income Statement	

Content	Teaching Suggestions
d. Purchases Discounts • Entries • Purchases Discount on the Income Statement	Current accounting practice indicates that discounts on sales and purchases be shown as a deduction from their respective accounts.
e. Related business papers, procedures, and calculations	Source documents, such as voucher checks, should be illustrated showing the invoice price less appropriate discounts.
3. Transportation Charges on Purchases	
a. Terms of shipment • F.O.B. Destination • F.O.B. Shipping Point	Explain to students that the seller may agree to pay the transportation charges (F.O.B. Destination). In this event, the invoice will usually reflect that fact.
b. Entries • Transportation cost to be paid by seller (terms F.O.B Destination)	
• Transportation cost prepaid by seller, terms F.O.B. Shipping Point	A seller may prepay the transportation charges but add the cost to the invoice. Explain to students how the seller recovers this transportation cost.
• Transportation cost paid by purchaser directly to carrier	A seller may ship goods to a buyer with the expectation that the costs of transportation will be paid by the buyer to the transportation company upon delivery.

BOOKKEEPING AND ACCOUNTING 2

MODULE II. NOTES AND SPECIAL MERCHANDISING PROCEDURES

C. INVENTORY MANAGEMENT

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part C, the student should be able to:

1. Give 2 effects upon the profits of a business that may result from carrying an excess stock of merchandise on hand.
2. Make entries in a stock record card for a narrative of 5 increases and decreases in the item of stock resulting from the purchase or disposal of the particular item.
3. Determine the inventory value of an item of stock using the "fifo" method, given the purchase date, cost price, and units purchased on 4 different dates as well as the current inventory of the particular item.
4. Determine the inventory value of an item of stock using the "lifo" method, given the purchase date, cost price, and units purchased on 4 different dates as well as the current inventory of the particular item.
5. Determine the annual rate of merchandise turnover for a business, given the beginning merchandise inventory and ending merchandise inventory during one quarter of a calendar year.

Content	Teaching Suggestions
1. Merchandise Inventory Control a. Book inventory b. Physical inventory	Discuss the potential effect of excess merchandise inventory upon company profits. Also, discuss the possible effect of maintaining too small a stock of a particular item.
2. Inventory Systems a. Manual systems • Stock record card • Stock ledger b. Automated systems	Project a stock record card on the chalkboard and explain how stock is recorded as received or given out. Flowchart an automated system for maintaining inventory records. Students will undoubtedly be familiar with "on-line" systems found in many department stores.
3. Establishing Inventory Value a. Fifo system b. Lifo system	What is the general principal usually followed by accountants in establishing the value of inventory? Raise the question with students as to why this principle might have evolved.
4. Merchandise Turnover	Discuss procedures followed for determining the rate of merchandise turnover. Explain the significance of the rate.

BOOKKEEPING AND ACCOUNTING 2

MODULE III. COMPLETING THE BOOKKEEPING CYCLE

A. UNCOLLECTIBLE RECEIVABLES

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part A, the student should be able to:

1. Prepare an estimate of losses from uncollectible receivables for a particular fiscal period, given a list of accounts receivable, by age, and the estimated percentage believed to be uncollectible.
2. Make the journal entry to establish an allowance for uncollectible receivable.
3. Make the journal entry necessary to write off an uncollectible receivable.
4. Make the journal entries necessary when an account receivable previously written off is subsequently collected.
5. Illustrate how Bad Debts Expense is handled on an Income Statement.
6. Illustrate how the Allowance for Bad Debts account is shown on a Balance Sheet.

Content	Teaching Suggestions
1. Uncollectible Receivables	
a. Meaning	Discuss the need to provide a reserve for bad debts or uncollectible accounts.
b. Anticipation	Explain that anticipation of uncollectibles will avoid an over-statement of assets and net income.
2. Estimating Losses	
a. Percent of accounts receivable	Analyze the accounts receivable according to the party from whom payment is due and develop an Aging Schedule to arrive at a more accurate estimate of anticipated losses.
b. Percent of net sales	
3. Entries	
a. Provision for additional allowances	Emphasize the need for conforming to governmental tax regulations.
b. Write off of a bad debt	Show how bad debts affect Net Income through the Income Statement, as well as through the Assets Section of the Balance Sheet.
4. Effects on the Financial Statements	
5. Collecting a Bad Debt	Explain the effect of collecting a bad debt previously written off.

BOOKKEEPING AND ACCOUNTING 2

MODULE III. COMPLETING THE BOOKKEEPING CYCLE

B. FIXED ASSETS

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part B, the student should be able to:

1. Calculate the estimated depreciation of a fixed asset for a fiscal period using the straight-line method of depreciation, given the original cost and date of purchase and the estimated annual percent of depreciation.
2. Calculate the estimated depreciation of a fixed asset for a fiscal period using the declining-balance method, given the original cost and date of purchase and the estimated annual percent of depreciation.
3. Make the journal entry necessary to record the estimated depreciation of a fixed asset for a given fiscal period, given the rate of depreciation and method (straight-line or declining balance) used for calculating the depreciation.
4. Prepare a fixed asset record covering a period of 5 years, given the acquisition value and date, and estimated life of the fixed asset.
5. Determine the book value of a fixed asset on a given date, given the acquisition date, cost price, and annual rate of depreciation.
6. Illustrate how Depreciation Expense is shown on an Income Statement.
7. Illustrate how the accumulated depreciation and book value of a fixed asset is shown on a Balance Sheet.
8. Make the journal entries to record the sale of a fixed asset at less than book value, given accumulated depreciation to date and the sale price of the asset.
9. Make the journal entry to record the trade-in of a fixed asset as part of the purchase price of a similar fixed asset, given the trade-in value of the old asset, the price of the replacement, and the additional cash given in payment.
10. Make the journal entries necessary to record the discarding of a fixed asset, given the original cost and accumulated depreciation of the asset at the time of discard.
11. Journalize a transaction involving the payment of property taxes.

Content	Teaching Suggestions
1. Acquiring Fixed Assets a. Definition b. Valuation of fixed assets	Point out that the value of a fixed asset includes the purchase price as well as the cost of getting it installed and ready for use.
2. Depreciation of Fixed Assets a. Meaning of depreciation b. Necessity for recording depreciation	Describe depreciation as the gradual decrease in the value of a fixed asset. Discuss it in terms of something students will recognize, such as an automobile.

Content	Teaching Suggestions
c. Methods of computation • Straight-line method • Declining-balance method	Refer to various governmental publications that discuss regulations concerning depreciation.
d. Entry to record estimated depreciation	Show the effect of transportation costs on the value of a fixed asset.
e. Fixed Asset Record • Acquisition value • Accumulated depreciation • Book value	Show graphically how depreciation and book value change in relation to each other.
f. Effect on financial statements	Fixed asset records may be found in many different forms.
3. Disposal of Fixed Assets a. Methods of disposal • Sale • Trade-in • Discard	Indicate that disposing of a fixed asset will result in a profit or loss; discuss the resulting journal entries.
b. Entries	
4. Entry to Record Payment of Property Taxes	Distinguish between taxes on real property and bills for services such as water usage.

BOOKKEEPING AND ACCOUNTING 2

MODULE III. COMPLETING THE BOOKKEEPING CYCLE

C. ACCRUED AND DEFERRED ITEMS

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part C, the student should be able to:

1. Make the journal entry necessary to record an accrued expense at the end of a fiscal period after determining the amount of the accrual.
2. Make the journal entry necessary to record an accrued income item at the end of a fiscal period after determining the amount of the accrual.
3. Make the journal entry to record a prepaid expense at the end of a fiscal period after determining the prepaid amount.
4. Make the journal entry to record the adjustment for a deferred income item after determining the amount of the deferral.
5. Prepare the journal entry necessary to close 4 income and expense accounts at the end of a fiscal period.
6. Prepare that portion of an Income Statement affected by 4 accrued or deferred items, given a trial balance and supplemental information.
7. Prepare that portion of a Balance Sheet affected by 4 accrued or deferred items, given a trial balance and supplemental information.
8. Prepare the journal entry necessary to reverse the accrual recorded for a deferred item of expense.
9. Prepare the journal entry necessary to reverse the accrual recorded for an accrued income item.
10. Prepare the journal entry necessary to reverse the accrual recorded for an accrued prepaid item of expense.
11. Prepare the journal entry necessary to reverse the accrual recorded for an accrued deferred income item.
12. Post 4 adjusting, closing, or versing entries for accrued or deferred income or expense items to the proper ledger accounts.

Content	Teaching Suggestions
1. Accrued Expenses a. Definition	For accrued expenses, develop the entry as an incurred, but not yet paid, expense.
b. Illustrative transactions • Salaries • Payroll taxes • Miscellaneous items	Discuss the need for adjusting entries. Show how they update the accounts at the end of the fiscal period, as well as apportion income and expense into the appropriate accounting period.
c. Entries	Demonstrate the "before and after" effect of the adjusting entry on a simple financial statement.
d. Effect on financial statements	Have the student learn to use the helpful T-account analysis.

Content	Teaching Suggestions
2. Accrued Income a. Description b. Illustrative transactions • Interest • Other items c. Entries d. Effect on financial statements	For accrued income, develop the adjustment to show the income as earned, but not yet received.
3. Deferred Expenses (Prepaid Expenses) a. Explanation b. Illustrative transactions • Supplies • Insurance • Miscellaneous items c. Entries d. Effect on financial statements	Introduce the idea that a deferred expense and a prepaid expense are the same type of account. Make the adjustment for a prepaid expense that has been partially used up during the fiscal period.
4. Deferred Income a. Nature and meaning b. Illustrative transactions c. Entries d. Effect on financial statements	Show that deferred income might be recorded as either a liability or an income item when originally recorded. Indicate how the adjustment should be made in both situations and show the end result being exactly the same, regardless of the method of recording being used.
5. Closing and reversing entries a. Recording entries b. Posting entries	Review closing entries and the need for reversing entries. To best accomplish this, show an account with an adjustment recorded in it, such as Interest Receivable. Then indicate what the normal entry would be to record the interest when payment is made. Show how the normal entry would incorrectly state the income if the reversing entry were not made.

BOOKKEEPING AND ACCOUNTING 2

MODULE IV. DATA PROCESSING AND PAYROLL APPLICATION

A. DATA PROCESSING*

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part A, the student should be able to:

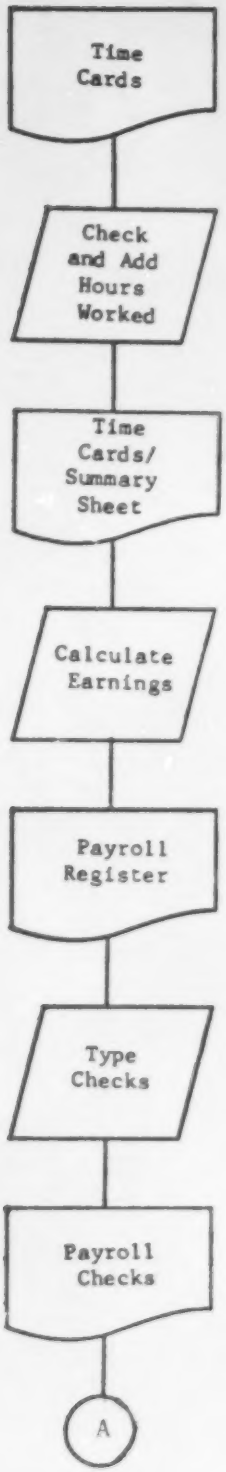
1. Identify 3 bookkeeping/accounting applications that are commonly computerized.
2. Identify 3 types of machine-readable input to a computerized record-keeping system.
3. Identify the 3 principal components of a computer configuration and explain the function performed by each as related to a computerized application to payroll.
4. Flowchart a manual payroll application.
5. Explain each step in a systems flowchart provided for a computerized payroll application.

Content	Teaching Suggestions
1. Effect of Data Processing on Bookkeeping/Accounting a. Computerized bookkeeping applications b. Bookkeeper job duties in a computerized accounting system	In many medium-sized and large businesses, routine bookkeeping and accounting functions which were formerly done by hand are now being performed by electronic data processing equipment. Point out that this does not necessarily affect the manpower needs in the bookkeeping/accounting field but does influence the types of jobs available and the kinds of tasks performed in these jobs. Survey some neighboring businesses that have computerized bookkeeping applications to illustrate shifts in tasks performed by bookkeeping/accounting employees. Refer to the job descriptions in Module III to illustrate the duties of bookkeeping workers in a business that processes its records by computer.
2. Computer Equipment and Software a. Machine-readable data • Punched cards • Optically readable documents • Magnetic tape • Disk	Show samples of punched cards and machine-readable documents such as bills sent by utility companies and other businesses using computerized billing.

*This part of the syllabus should expand the student's understanding of bookkeeping systems. Part B should extend this understanding by direct application to the procedures followed in an automated payroll system.

Content	Teaching Suggestions
b. Preparation of input data • Key entry devices - Keypunch - Key-to-tape - Key-to-disk • Direct entry - CRT - Keyboard - Terminal	Visit a computer installation in your district, BOCES, or a local business to observe the preparation, processing, and output of data in a computer center. Careful preplanning with the computer personnel is essential to derive optimal educational outcomes from the field visit.
c. Computer components • Input devices - Card reader - Disk drive	Relate this to the disk computer system used in the computerized payroll application that follows in this section. Point out that in this system the data on the source documents are punched into cards before it can be converted to disk. Mention that many businesses now are "punching" data directly onto disk using key-to-disk entry devices. Restrict most of the discussion of the computer components to the I/O (input/output) units used in the flowchart in this section-disk drive and printer.
• Central processing unit	
• Output devices - Printer - Disk drive	Concentrate the discussion of output units to the ones used in the computerized payroll application that follows in this section.
d. Stored program • Purpose • Instructions	Impart the concept that a set of instructions (program) is stored in CPU which controls the external input and output units and the internal processing (calculation, logic, etc.) of data.
3. System Flowcharting a. Manual payroll application	Manual payroll procedures covered in Module III are illustrated here to chart work flow in a manual system and as a review of payroll preparation upon which new payroll concepts will be developed in the next section.
b. Computerized payroll application	A computerized payroll application follows the manual payroll application in this section.

FLOWCHART OF A MANUAL PAYROLL APPLICATION



The time cards for all employees are assembled from the time clocks.

The time cards are sent to a clerk who checks and adds the hours to determine the total regular and overtime hours worked during the week by each employee.

The verified time cards and summary sheet are sent to the payroll clerk who has the company employee files pertaining to hourly wages, tax information, and other payroll-related information.

The time cards and employee file are used to calculate earnings, determine deductions, and prepare a payroll register. The payroll register is also checked against the time sheet summary to verify accuracy.

A typist or checkwriting machine operator uses the payroll register to prepare the paychecks and earnings stubs.

The paychecks and earnings stubs are distributed to employees.

The payroll clerk uses the payroll register to prepare earnings records for each employee.

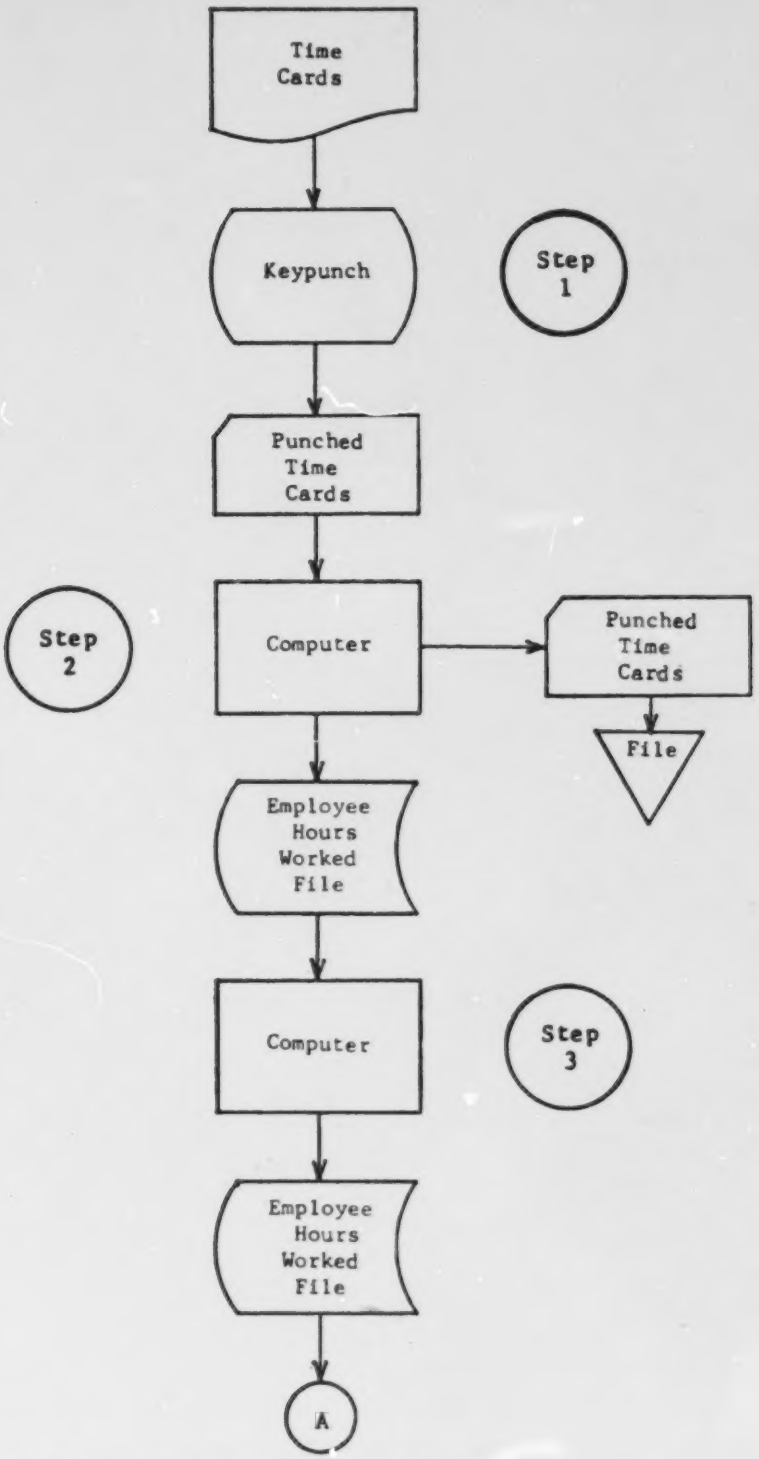
The earnings records show quarterly earnings, deductions, and year-to-date amounts for each employee.

Payroll tax forms are prepared from the employee earnings records to report FICA, State and Federal withholding and unemployment taxes.

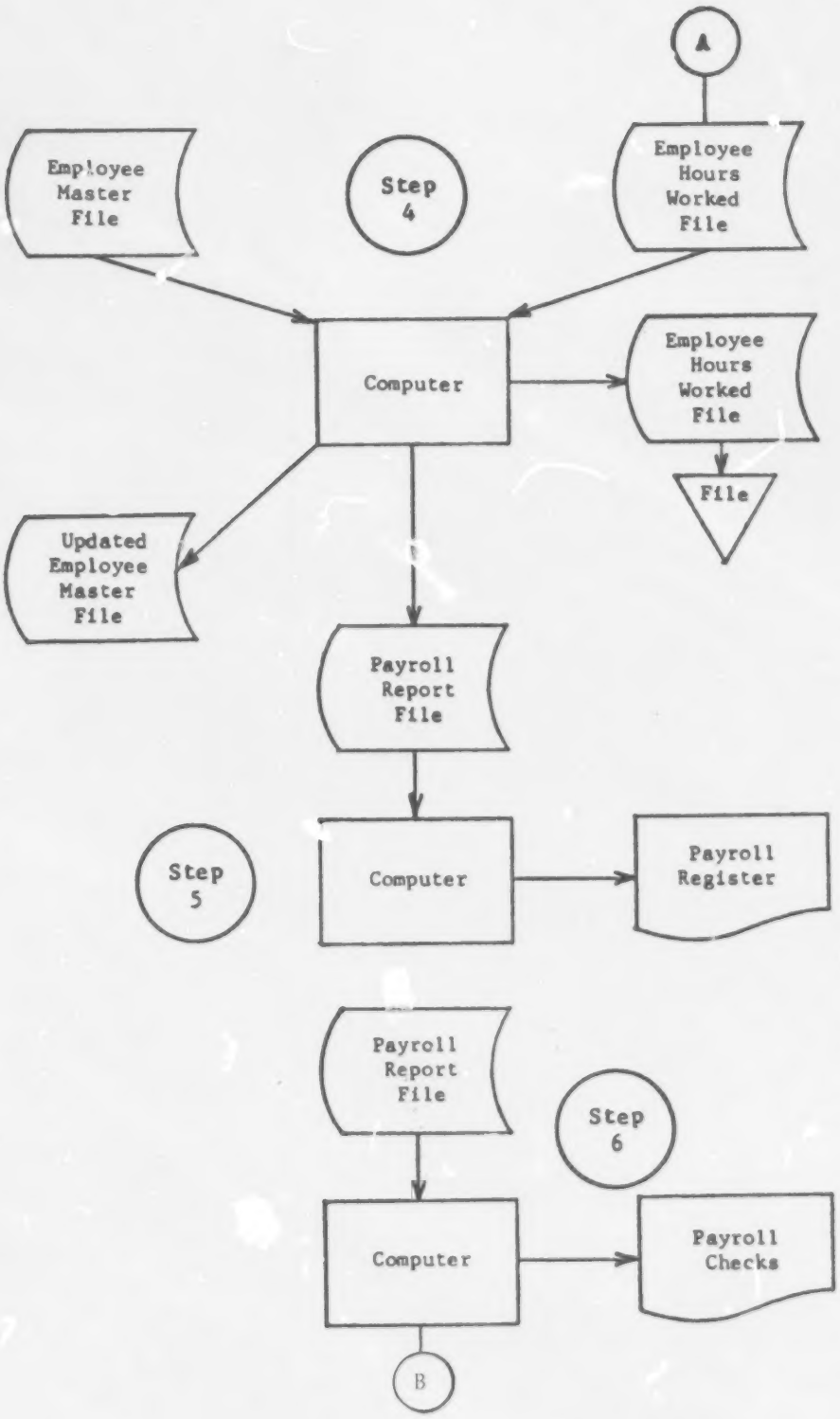
Payroll tax reports for FICA, State and Federal withholding and unemployment taxes.

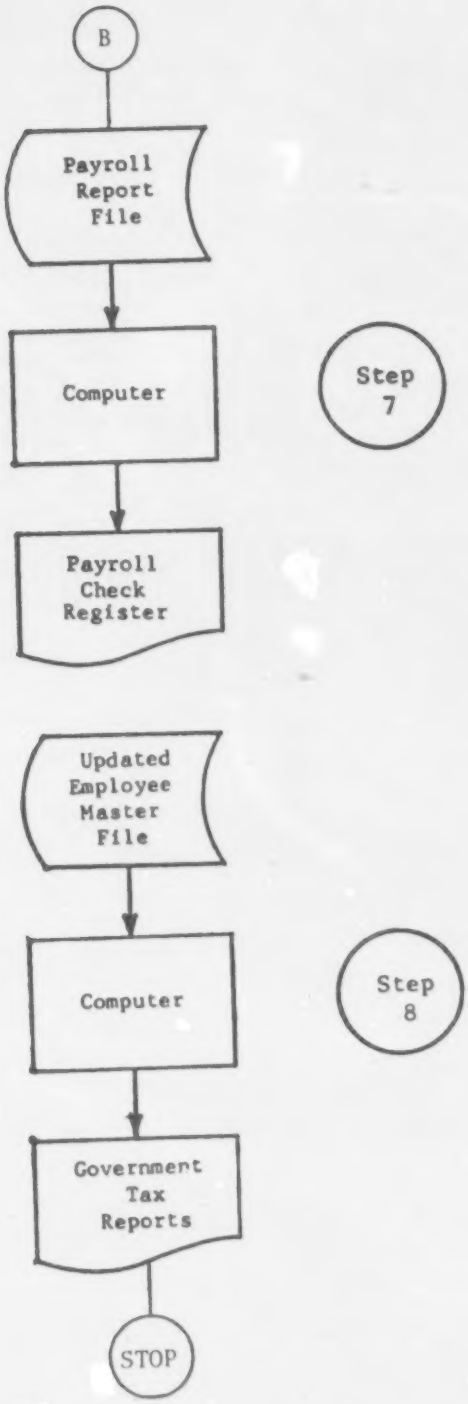
The entry to record the payment of the payroll is recorded in the Cash Payments Journal using the amounts from the payroll register.

COMPUTERIZED PAYROLL APPLICATION*



*Refer to explanation of steps beginning on page 79.


A
Employee Master File
Step 4
Employee Hours Worked File
Computer
Employee Hours Worked File
File
Updated Employee Master File
Payroll Report File
Step 5
Computer
Payroll Register
Payroll Report File
Step 6
Computer
Payroll Checks
B


B
Payroll Report File
Computer
Step 7
Payroll Check Register
Updated Employee Master File
Computer
Step 8
Government Tax Reports
STOP

Description of Steps in the Computerized Payroll Application Flowchart

The steps numbered 1 through 8 are explained below:

1. The time cards used by employees for clocking their times in and out are calculated by the timekeeper or payroll clerk who also prepares an adding machine tape of totals. Individual time cards or a summary sheet of time cards along with the add-tape are sent to the keypunching unit where punched cards of hours worked, employee name and number, and pay code are keypunched. The total of the hours on the punch cards are compared with the add-tape total to check the accuracy of the input.

2. A disk file (Employee Hours Worked File) is created by the computer from the punched time cards. The time cards are filed until after the payroll is completed.

3. The records on the Employee Hours Worked Disk File are sorted in such a way that they are able to be processed in the update program in Step 4. In determining the sequence in which the records must be sorted, the master file to be updated (Employee Master File) is a sequential file and organized in an ascending sequence based upon employee number. Therefore, the records on the Employee Hours Worked File will be sorted in order of employee number.

   The Employee Master File and the Employee Hours Worked File contain all the information necessary for the computer to produce the Payroll Report File and the updated Employees Master File in the next step in the flowchart. The record for employees on the Employee Master Disk File contains the following information:

Field	No. of characters
Employee Number	7
Employee Name	30
Employee Address	19
City/State	16
Zip Code	5
Social Security Number	9
Job Classification	2
Starting Date	6
Pay Rate	4
Union Code	2
Exemptions	2
Marital Status	1
Credit Union Deduction	5
Regular Earnings - Year To Date	7
Overtime Earnings - YTD	7
Total Earnings - YTD	7
Federal Withholding - YTD	7
FICA - YTD	5
State Withholding - YTD	6

Credit Union Deduction - YTD	6
Union Dues - YTD	5
Net Amount - YTD	7
Union Dues - This Period	4

(Total length of record for each employee on the Year-to-Date Disk File - 131 characters)

The Employee Master File in a computerized payroll application contains essentially the same information as the employees earnings records in a manual payroll system.

4. One of the purposes of this computer run is to update the year-to-date figures on the Employee Master File. Use of this file will be shown later in the flowchart.

The primary purpose of this computer run is to create the Payroll Report File. The following information for each employee record is contained on the Payroll Report Disk File:

Field	No. of characters
Employee Number	7
Employee Name	30
Hours Worked	3
Week Ending Date	4
Social Security Number	9
Regular Earnings-Week	5
Overtime Earnings-Week	5
Total Earnings-Week	6
Federal Withholding-Week	5
FICA-Week	4
State Withholding-Week	5
Credit Union-Week	5
Union Dues-Week	4
Union Code	2
Net Amount-Week	6
Regular Earnings-YTD	7
Overtime Earnings-YTD	7
Total Earnings-YTD	7
Federal Withholding-YTD	7
FICA-YTD	5
State Withholding-YTD	6
Credit Union-YTD	6
Union Dues-YTD	5
Net Amount-YTD	7
Union Dues-This Period	4

This file will contain all the information required to produce the reports and paychecks. The source of the data for the Payroll Report File was the information contained on both the Employee Master File and the Employee Hours Worked File.
For example:

- The computer multiplied the hours worked on the Employee Hours Worked File by the pay rate on the Employee Master File to arrive at the total earnings for each employee for the pay period.

- Voluntary deductions are taken directly from the Employee Master File.

- Deductions for FICA Taxes are calculated by the computer by multiplying the FICA tax rate by the total earnings for the week. The year-to-date figure for each employee on the Employee Master File will enable the computer to determine when the maximum taxable earnings for FICA taxes has been reached.

- The computer will use stored withholding tax tables to determine withholding taxes based on the employee earnings and the marital status and number of exemptions for each employee contained on the Employee Master File.

5. After the update processing has been completed, the preparation of the reports can begin. The first report to be prepared is the payroll register. The format is similar to the layout of a payroll register in a manual application.

6. The payroll checks can be printed after the payroll register is created. The computer will read the Payroll Report File as input and print the payroll checks and earnings stubs. Many employers provide year-to-date amounts as well as weekly earnings and deductions on the stubs. The check numbers are assigned by the computer during this run.

7. The employer deposits an amount equivalent to the total net pay for all employees in a special checking account in the bank on which the employee payroll checks will be drawn. A list of all the checks are recorded for each employee in a special payroll journal - the payroll check register. The computer prepares the payroll check register from the information on the payroll report disk file. The check numbers to be recorded on the payroll check register have been programed during the previous step in this flow chart to print them during this step.

8. The computer will read the Employee Master File as input to print the information needed on government tax forms that must be filed.

   The general ledger accounts are updated by the computer if that phase of the bookkeeping/accounting system is automated. If general ledger accounting is not computerized, the payroll entry is journalized and posted manually using the payroll register as the source document.

BOOKKEEPING AND ACCOUNTING 2

MODULE IV. DATA PROCESSING AND PAYROLL APPLICATION

B. PAYROLL

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part B, the student should be able to:

1. Make the entry in the books of original entry for the payment of a payroll, given a payroll summary or a computer payroll printout.
2. Make the entry or entries in the books of original entry at the time wages are paid to record the employer's liability for payroll taxes.*
3. Make the journal entries required when remitting
   - employee's and the employer's contribution to FICA Taxes
   - Federal income taxes withheld from employees
   - New York State withholding taxes deducted from employees
   - New York State Disability Insurance Benefits
   - New York State Unemployment Insurance Taxes
   - Federal Unemployment Insurance Taxes
4. Prepare the journal entry or entries necessary at the end of a fiscal period to record the employer's liability for
   - accrued salaries
   - accrued payroll taxes

Content	Teaching Suggestions
1. Payroll Records a. Payroll register b. Employee earnings records c. Related tax forms	Review the Payroll Clerk section in Module III of Bookkeeping/Accounting 1 if students do not show a proficiency with payroll records after having reviewed them in the previous section on Data Processing.
2. Payroll Entries a. Entry for payment of payroll • Need for special liability accounts • Multicolumnar Cash Payments Journal • Direct posting from a payroll register • Establishing a payroll checking account	It should be emphasized that the source of this entry is the payroll summary taken from the payroll register or the computer printout. The use of the Net Payroll column in the Cash Payments Journal should be stressed as a means of saving time.
b. Entries for remitting payroll taxes • Employees' and employer's contributions to FICA taxes • Federal withholding taxes • State withholding taxes • N.Y. State disability insurance benefits	It should be pointed out that these totals can also be traced back to the payroll register as well as to the payroll entry. They are a series of built-in checks called controls. It should be noted that the FICA Taxes Payable is twice that appearing in the Payroll Register after the employer's liability has been recorded.

*Optional procedure

Content	Teaching Suggestions
• Other deductions	Note that the employer's liability will be remitted with the employees' contributions.
c. Accruals for Payroll Taxes • FICA tax (Social Security) - Entry to record employer's obligation - Reversing entry - Entry to record the payment - Treatment on financial statement	It should be pointed out that these taxes all represent an additional expense to the business over and above the wages paid to employees.
• State unemployment insurance tax - Purpose - Entry to record employer's obligation - Reversing entry - Entry to record the payment - Treatment on financial statement	Secure information from the New York Department of Labor, Unemployment Insurance Division, State Office Campus, Albany, NY 12201.
• Federal unemployment insurance tax - Purpose - Entry to record employer's obligation - Reversing entry - Entry to record the payment - Treatment on financial statement	Obtain information and forms from district offices of the Internal Revenue Service located in Albany, Buffalo, and New York City.
• New York State Disability Insurance Benefits - Entry to record employer's obligation - Entry to record the payment - Treatment on financial statement	Employers may deduct one-half of one percent (.005) of the first $60 of weekly wages earned by an employee as the employee's share of the disability insurance.
d. Accrued Salaries	Develop illustrative problems to show how a liability may exist for unpaid salaries due employees at the end of a fiscal period.

BOOKKEEPING AND ACCOUNTING 2

MODULE V. BUSINESS OWNERSHIP AND MANAGEMENT

A. FORMS OF BUSINESS OWNERSHIP

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part A, the student should be able to:

1. Give 3 advantages and 3 disadvantages of the proprietorship form of business organization.
2. Give 3 advantages and 3 disadvantages of the partnership form of business organization.
3. Give 3 advantages and 3 disadvantages of the corporate form of business organization.
4. Show how profits of a specified amount would be distributed among three partners in a partnership form of organization, if distributed (1) equally (2) according to the investment of each partner, and (3) equally, after a fixed salary is allowed each partner.
5. Prepare a Capital Statement for a partnership of two partners, given the capital of each partner at the beginning of the fiscal period, withdrawals during the period, the net profit for the period, and partnership agreement pertaining to the division of profits.
6. Prepare a Distribution of Net Income Statement for a partnership, given the salary allowance of each of the two partners and partnership agreement pertaining to the distribution of net profits.
7. Prepare a simple Balance Sheet for a partnership from a trial balance of approximately 20 open ledger accounts and additional supplementary information.
8. Prepare a simple Balance Sheet for a corporation from a trial balance of approximately 20 open ledger accounts and additional supplementary information.
9. Journalize the entry to record the declaration of a corporate dividend.
10. Journalize the entry to record the payment of a corporate dividend.

Content	Teaching Suggestions
1. Sole Proprietorship	
2. Partnerships	Discuss the major advantages and disadvantages of the partnership as a form of business ownership, compared to the sole proprietorship.
a. Purpose and legal aspects	
• Articles of copartnership	
• Advantages and disadvantages	
b. Accounting procedures in a partnership	Explain that there will be a capital and drawing account for each partner.
• Opening the books	
• Additional investments	Have the students calculate how profits are divided in accordance with the Articles of Copartnership.
• Distribution of profits	
• Statement presentation	
- Capital statement	
- Distribution of net income statement	A simple balance sheet with a capital section should be constructed.
- Balance sheet	

Content	Teaching Suggestions
3. Corporations a. Purpose and legal aspects • Charter • Advantages and disadvantages	Discuss the major advantages and disadvantages of the corporation as a form of business ownership.
b. Obtaining capital for a corporation • Stocks • Bonds	Give the topic of investing brief treatment, using the consumer approach. Distinguish between stocks and bonds.
c. Accounting procedure in a corporation • Opening the books • Distribution of profits • Statement presentation	Explain that the Capital Account corresponds to the account Capital Stock and that the Drawings Account corresponds to Retained Earnings. Show by arithmetic calculations how dividends might be distributed in a corporation. A simple balance sheet with a capital section should be drawn up.

BOOKKEEPING AND ACCOUNTING 2

MODULE V. BUSINESS OWNERSHIP AND MANAGEMENT

B. INTERPRETATION OF FINANCIAL STATEMENTS

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part B, the student should be able to:

1. Prepare and interpret an Income Statement including cost of goods sold, gross profit and net income from operations.
2. Present an Income Statement with percentages and other comparisons to aid in interpretation for managerial decision making.
3. Calculate and interpret the following income statement ratios when given the appropriate formula for:
   a. Rate of return on investment
   b. Collections ratio
4. Prepare and interpret a classified Balance Sheet.
5. Present a Balance Sheet with percentages and/or comparisons to aid in interpretation for managerial decision making.
6. Calculate and interpret the following balance sheet analyses when given the appropriate formula for:
   a. Working capital
   b. Current ratio
   c. Acid test (quick assets) ratio
   d. Owner's equity ratio

Content	Teaching Suggestions
1. Preparation of Statements from the Worksheet	Review the procedure for preparing the worksheet and the financial statements from the worksheet.
2. The Income Statement a. Need for interpretation	Emphasize the Income Statement as a tool to show what has taken place within a business during a given fiscal period, rather than by stressing a particular format. The student should be provided with blank forms or the prior period's statement to use as a guide in preparing current statements.
b. Interpretation of the income statement • Explanation of the income statement - Cost of goods sold - Gross profit - Operating expenses - Net income from operations	Show how many of the comparisons used are based upon gross and net sales.
• Percentages based on net sales	The arithmetic computation of percentages and ratios should be secondary to the understanding of the uses of such data for comparison and decision making.
• Income statement comparisons - Previous income statements - Income statements of similar companies	
• Income statement ratios - Rate of return on investment - Collections ratio	Review the process of determining merchandise turnover covered in Module II.

Content	Teaching Suggestions
	Have students bring in financial statements and graphic analyses taken from the New York Times, Business Week, etc.
3. The Balance Sheet a. Need for interpretation	Annual financial statements to stockholders may be used effectively as a model. Charts and graphs may be used effectively at this point.
b. Interpretation of the Balance Sheet • The classified Balance Sheet - Current assets - Fixed assets - Current liabilities - Long-term liabilities - Capital	Show that the classified Balance Sheet helps management to make more meaningful comparisons.
• Percentage analysis • Comparative Balance Sheets	Invite a stockbroker to explain to the class how analyses of statements are used with prospective stockholders.
• Analysis of the Balance Sheet through ratios and calculations - Working capital - Current ratio - Acid test (quick assets) ratio - Owner's equity ratio	Stress the need for information for managerial decision making and for comparisons. The use of the Balance Sheet analysis and ratios are more important than their computation.

BOOKKEEPING AND ACCOUNTING 2

MODULE VI. INTERNAL CONTROL

A. AN INTRODUCTION

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part A, the student should be able to:

1. Define the role and significance of internal control in business.
2. Explain 3 elements of an internal control system.
3. Give 5 basic rules that should be observed in any business to insure proper internal control.

Content	Teaching Suggestions
1. Internal Control a. Purposes b. Significance for business	Emphasize that internal control has as its primary goal to preserve the integrity of the accounting records and obviate any question of the honesty of the firm's employees.
2. Elements of Internal Control a. Plan of organization b. System of authorization and records procedures c. Sound business practices d. Reputable personnel	Systems of internal control vary greatly with each business, but all systems should provide for the basic elements of internal security.
3. Basic Rules for Internal Control a. Prepare supportive documents b. Verify cash balances frequently c. Provide for clear division of responsibilities	It should be pointed out that in any effective internal control system, certain rules and practices must be observed. Those illustrated provide worthy guidelines to follow in most business situations. Discuss each rule and explain its significance as an internal control feature.
d. Deposit all cash receipts immediately e. Check all invoices for accuracy f. Use prenumbered source documents g. Verify inventories and other assets	Refer to Module III in Bookkeeping/ Accounting 1 to show the division of responsibility between subsystems and the auditing and batch control total checking of the flow of forms within and between subsystems.

BOOKKEEPING AND ACCOUNTING 2

MODULE VI. INTERNAL CONTROL

B. DEPARTMENTAL OPERATIONS

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part B, the student should be able to:

1. Name 2 advantages of departmental accounting.
2. Record 3 business transactions involving merchandise purchases in a two-department Purchases Journal, given the Journal form.
3. Record 3 business transactions involving a purchase return or a purchase allowance in a two-department Purchases Return and Allowance Journal.
4. Record 3 business transactions involving a payment of cash on account in a two-department Cash Payments Journal, given the Journal form.
5. Record 3 business transactions involving the sale of merchandise in a two-department Sales Journal, given the Journal form.
6. Record 3 business transactions involving a sales return or sales allowance in a two-column Sales Returns and Allowances Journal.
7. Record 3 business transactions involving a cash receipt from a customer on account in a two-department Cash Receipts Journal.
8. Prepare a Departmental Statement of Gross Profit for each of two departments, given the account balances necessary to complete the statement and a completed statement from the previous fiscal period.
9. Prepare a Balance Sheet for a two-department business, given the account balances necessary to complete the statement.

Content	Teaching Suggestions
1. The Advantages of Departmental Accounting a. Relative profits on various types of merchandise sales b. Analysis of departmental efficiency c. Identification of departments that require attention	Discuss how departmental accounting can help in the analysis of business operations and in the detection of possible weakness.
2. Departmental Purchases Activities a. Departmental Purchases Journal b. Departmental Purchases Returns and Allowances Journal c. Departmental Cash Payments Journal-purchases discounts column	It should be emphasized that special columns are provided in all of these journals so that department-related items can be separated for each department. The special journals simplify this process. Compare the regular journals with the departmental journals and point out that the basic difference is only in the number of special columns.

Content	Teaching Suggestions
3. Departmental Sales Activities a. Departmental Sales Journal b. Departmental Sales Returns and Allowances Journal c. Departmental Cash Receipts Journal-sales discounts column	
4. Departmental Statement of Gross Profits on Sales	Point out that this permits management to analyze the operations of each department more accurately to determine how successfully each is functioning.

BOOKKEEPING AND ACCOUNTING 2

MODULE VI. INTERNAL CONTROL

C. THE VOUCHER SYSTEM

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part C, the student should be able to:

1. Give the principal purpose of a voucher system.
2. Complete 3 vouchers and record the vouchers in a Voucher Register, given the appropriate Voucher and Voucher Register forms.
3. Record in a Check Register, the payment of 3 vouchers, given the Voucher Register and a Check Register.
4. Post to the Ledger 3 business transactions that have been recorded in a Check Register.
5. Prepare a Schedule of Vouchers Payable, given a Voucher Register.
6. Identify 4 advantages that a voucher system affords a large business that has many expenditures.

Content	Teaching Suggestions
1. The Voucher System a. Meaning and purpose b. Internal Control function c. Special records and features	Have students explain how the voucher system provides another internal control.
2. Preparing Vouchers a. The voucher • Verify source document • Preparation of the voucher b. The voucher register • Recording vouchers • Posting to the voucher register	Point out that a voucher must be prepared for each cash payment and that all vouchers must be recorded. It is also very important to be sure that a supporting source document is prepared and proper authorization is obtained.
3. Paying Vouchers a. The check register • Recording entries - Checks and deposits - Purchase returns and allowances - Partial payments • Posting the check register b. Schedule of vouchers payable	Indicate that all cash is deposited in the checking account and checks are issued for all payments. Emphasize that no voucher should ever be changed or altered. If a change is necessary, the original voucher must be cancelled and a new voucher issued.
4. Advantages of the Voucher System	Show that the purchases journal, cash payments journal and accounts payable ledger are eliminated, but that the voucher register and check register replace them in the voucher system.

BOOKKEEPING AND ACCOUNTING 2

MODULE VI. INTERNAL CONTROL

D. BUDGETING

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Part D, the student should be able to:

1. Give 3 purposes served by a budget prepared by a business owner or manager.
2. Identify 3 sources of information that a business owner or manager might use for input to budget preparation.
3. Explain how a comparative Income Statement might be useful in the preparation of a future budget.
4. Prepare a sales budget for a six-month period, given the actual sales for the six-month period in the previous year and expected percent of increase or decrease in sales during the projected period.
5. Prepare a summary cash budget for a quarterly period, given a similar budget prepared in the previous year, the cash balance at the beginning of the quarter, and supplemental information relating to the anticipated cash receipts and payments for the quarter.

Content	Teaching Suggestions
1. Purpose a. Future planning b. Evaluation and control c. Coordination	Emphasize the need for budgets as a management tool. A well-prepared budget should help management to control expenditures and to focus all departments on common goals.
2. Sources of Information for Establishing a Budget a. Staff b. Economic indicators c. Prior budgets d. Accounting records	Point out the need to consult with staff for budget input. Comparative financial statements, previous budgets, and the economic climate are major factors in budget planning.
3. Types of Budgets a. Sales budget	Emphasize that economic trends may have a major effect on future sales projections.
b. Purchases budget	Cost of materials may greatly affect projections of future purchases. Of course, projected sales volume affects the sales budget.

Content	Teaching Suggestions
c. Expense budgets • Selling expenses • Administrative expenses	Point out the need for separate budgets for each major expense.
4. Budget Preparation	Budget preparation should be based on very simple applications, thus emphasizing at this stage the theory of budget preparation rather than the actual task.

BOOKKEEPING AND ACCOUNTING 2

MODULE VII. SIMULATION, REVIEW AND CAREER INFORMATION

STUDENT PERFORMANCE OBJECTIVES

At the conclusion of Module VII, the student will be able to:

1. Assume one or more of the job stations in a simulation designed for use in advanced Bookkeeping/Accounting classes.
2. Complete one of the business practice sets based upon the operation of a merchandising business and designed as a culminating activity in advanced bookkeeping/accounting instruction.
3. Perform all the functions needed to carry out the bookkeeping cycle for a given fiscal period.
   - Record entries in specialized journals designed for a merchandising business.
   - Post to the general and subsidiary ledgers.
   - Prepare a worksheet
   - Prepare a Balance Sheet
   - Prepare an Income Statement
   - Journalize and post the adjusting entries
   - Journalize and post the closing entries
   - Balance and rule the ledger accounts and prepare a post-closing trial balance
4. Outline the steps necessary for accomplishing a selected career goal as a bookkeeper after high school or as an accountant after college.

Content	Teaching Suggestions
1. Business Simulation Set a. Merchandising business b. Special journals c. General and subsidiary ledgers d. Financial statements e. Adjusting and closing entries f. Completing the accounting cycle	Many business simulation sets are available that review the material covered in the Bookkeeping and Accounting 2 course. Select one that best meets your individual needs. This should serve as an excellent beginning for the review that will follow.
2. Review	Using the business simulation set as a guide, design a review unit that will meet the individual needs of your students, moving towards the goal of a comprehensive examination. Numerous materials including textbook problems and prior Statewide examinations can be used as teaching aids.

Content	Teaching Suggestions
3. Careers	
a. Types of jobs • Entry level positions - Duties - Qualifications • Advancement opportunities - Educational preparation - Experience	Review the job descriptions in Modules III and IV, Bookkeeping/ Accounting 1, occupational brief, and the *Occupational Outlook Handbook* which are usually available in your high school's guidance department.
b. Openings • Present labor market • Occupational projections - Geographic trends - Types of businesses - Factors affecting future trends	Write to the Bureau of Labor Market Information, Division of Research and Statistics, Department of Labor, State Office Building Campus, Albany, NY 12201 for manpower reports. The following are available: • Annual Manpower Planning Report (Request the report for your labor area.) • Manpower Projections (Request the publication for your labor area.)
c. Sources of Information • Governmental • Professional associations • Businesses • Trade journals and magazines	Additional reading matter on accounting careers is available from: • *Accounting for Your Future.* United Business Schools Association, 1730 M Street, N.W., Washington, D.C. 20036. • *Career Brief Accountant.* Careers, Inc., P.O. Box 135, Largo, Fla. 33540. • *Careers in Financial Management and Controllership.* Financial Executives Institute, 50 West 44th Street, New York, N.Y. 10022. • *Horizons for a Profession.* American Institute of Certified Public Accountants, 666 Fifth Avenue, New York, N.Y. 10019. • *Management Accounting Opportunities.* National Association of Accountants, 505 Park Avenue, New York, N.Y. 10022. • *Public Accounting as a Career for You.* National Society of Public Accountants, 1717 Pennsylvania Avenue, Washington, D.C. 20006.

Content

Teaching Suggestions

- U.S. Department of Labor, Bureau of Labor Statistics, *Area Wage Survey*. Bulletin No. 1625-91. Washington, D.C. Government Printing Office, 1970.
- U.S. Department of Labor, Bureau of Labor Statistics. *Occupational Outlook for College Graduates*. Bulletin No. 1681. Washington, D.C.: Government Printing Office, 1971.
- U.S. Department of Labor, Bureau of Labor Statistics, *Occupational Outlook Handbook*. Bulletin No. 1650. Washington, D.C.: Government Printing Office, 1971.
- *What's It Like To Be an Accountant?* Accounting Careers Council, National Distribution Center, P.O. Box 650 Radio City Station, New York, N.Y. 10019

APPENDICES

This section includes:

Appendix A. Overview of Computer Data Processing, which will be most useful with Bookkeeping and Accounting I, Module II. Bookkeeping/Accounting Cycle For A Merchandising Business, *Topic T. Systems Flowcharting*, on page 28.

Appendix B. Description of Steps in The Computerized Accounts Payable Application Flowchart, which should be used with Bookkeeping and Accounting I, Module III D. Accounts Payable Clerk, *Topic 10. Computerized Accounts Payable*, on page 51.

APPENDIX A
OVERVIEW OF
COMPUTER DATA PROCESSING

The needs for electronic data processing are many and have evolved over many years. Some of the more important reasons why electronic data processing systems continue to expand in use are explained below:

- Shortage of Clerical Workers

  In recent years the demand for skilled clerical workers has exceeded the supply; and this trend is expected to continue for some time into the future. The use of automated data processing systems, rather than decreasing the number of job opportunities for clerical workers, has tended to stimulate the demand. As automated systems generate more and more data for the guidance of management, clerical workers are needed to put these data into formal reports.

- Speed and Accuracy

  The tasks which are performed on computers are usually repetitive in nature. Over the years, as the number of daily transactions in most business organizations has increased, business has recognized the need for greater speed in processing data. Because much data handling is often repetitive, the chance of human error increases and the rate of output decreases as the day progresses. With electronic machines, however, many repetitious tasks can be performed at tremendous speed and with little or no error.

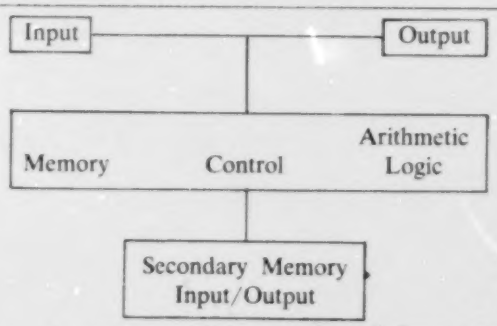
- Complexity of Business Transactions

  The increasing use of credit adds to the paperwork requirements. Periodically, bills must be prepared to be sent to the debtor, often with discounts, and returned merchandise taken into consideration. The many reports required by local, state, and Federal governmental agencies add to the volume and complexity of business record-keeping.

- Availability of Information

  Many rapid decisions are required by executives in today's business world. Business can no longer be run on a speculative basis. Rather, reliable information must be made available to guide those decisions. The obvious advantage of electronic data handling systems is the speed with which information can be provided both in printed and graphic form.

ELEMENTS OF A COMPUTER DATA PROCESSING SYSTEM



A computer system consists of three types of elements: input, storage processing (central processing unit), and output. The function of each of these elements is as follows:

Input. All data are read and translated into machine code by the input unit or units. These units may read any form of machine-processable data such as magnetic tape, punched paper tape, or cards.

Central Processing Unit. This is the part of the computer which stores information and then processes the program using this information. The *programs* or *instructions* are in the central processor. The central processor also controls (regulates) all other functions.

Output. All data which have been processed are sent to an output unit either to be stored on tape or disk or to be printed.

Examples of input and output units are listed below.

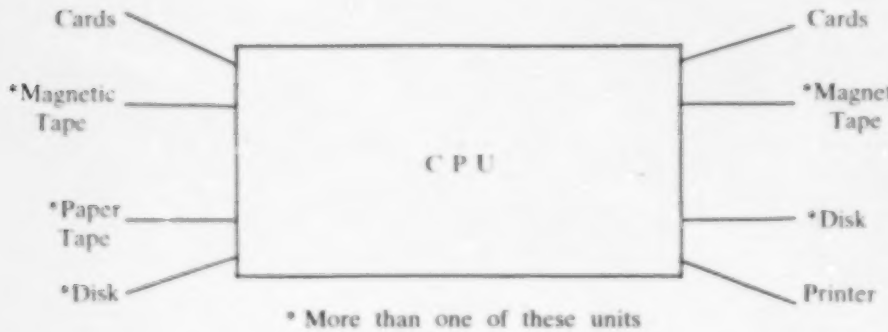
INPUT	*OUTPUT*
Card Reader	Card Punch
Magnetic Tape Unit	Magnetic Tape Unit
Magnetic Disk Unit	Magnetic Disk Unit
Paper Tape Reader	Printer

SIMPLEST COMPUTER INSTALLATION

The simplest computer installation consists of one input unit, the central processing unit, and one output device. To this basic installation can be added many other input and output devices. As other units are added, the speed, data handling ability, and flexibility of the computer are increased.

THE CENTRAL PROCESSING UNIT

The central processing unit, CPU, is the main element of a computer installation. Without the central processing unit, nothing happens. Data enter and emerge from the CPU in a variety of forms. Examples of input and output media to the central processing unit are illustrated below.



* More than one of these units may be used for input or output.

If one were able to look inside the central processing unit, he would see the following sections: control, logic, arithmetic, and main storage.

Control. This section coordinates all other parts of the computer, both internal and external. The control unit is much like a policeman directing traffic at a busy intersection. The internal control is maintained over the other sections of the CPU; while external control is maintained over the input and output units.

Arithmetic. This is the section of the CPU where all addition, subtraction, multiplication, and division takes place.

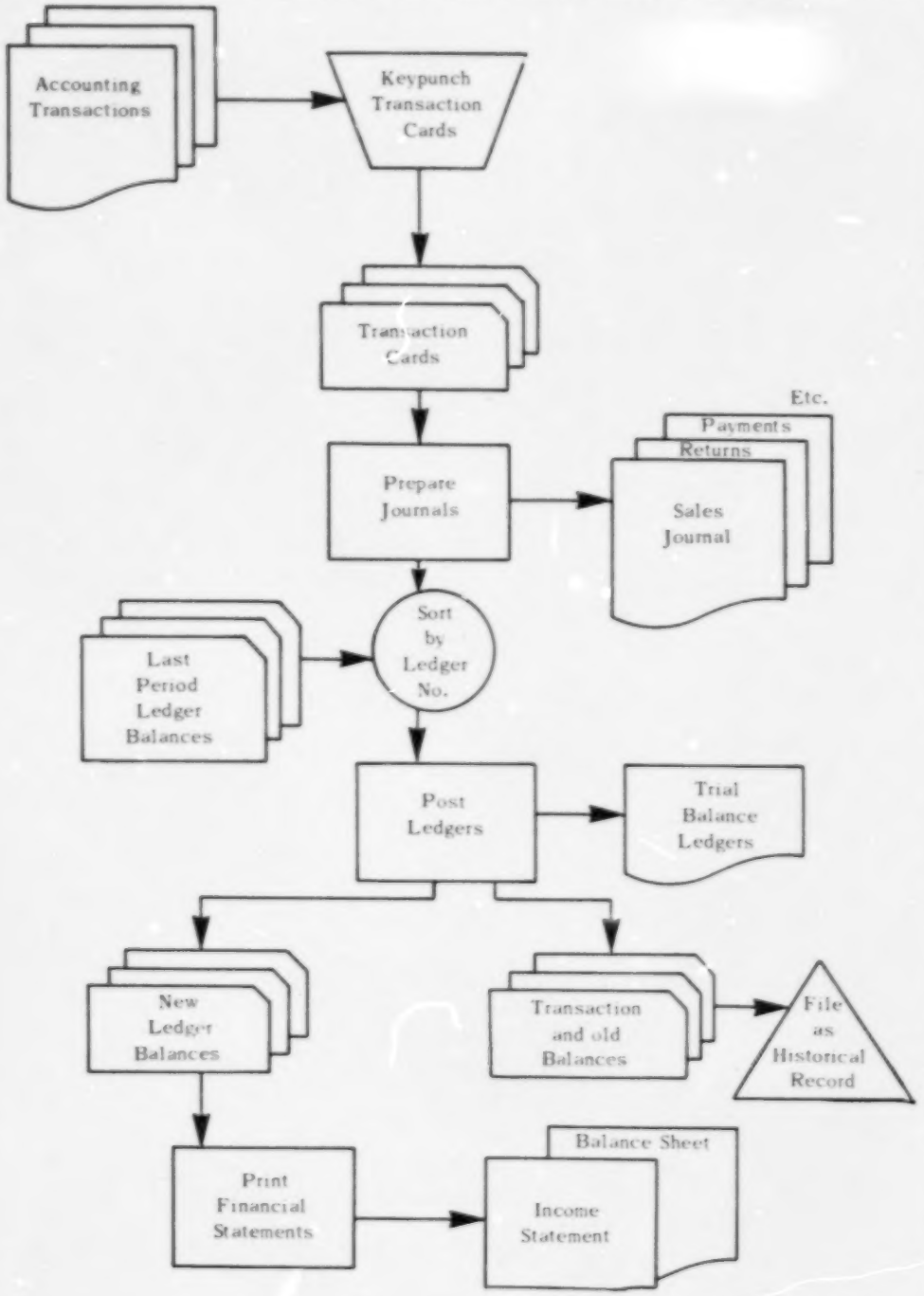
Logic. In this section of the computer, logical tests are performed. Data can be checked with respect to greater than, less than, or equal to conditions.

Main Storage. This is the section of the CPU often described as the computer "memory." When a problem is to be solved, all information essential to the solution must be entered here. The set of instructions which tell the computer how the problem is to be solved are put in here. Since these instructions are stored in the computer, they are commonly referred to as a "stored program."

THE COMPUTER CONSOLE

Every computer must have a means by which the operator can direct, or communicate with, the CPU. This is known as the computer console. The console contains control keys and switches; and through a system of lights, the operator is able to view a representation of what is occurring at a specific point in a program run. If a malfunction occurs, it will also tell the operator what is wrong and where the trouble is to be found.

FLOWCHART OF PROCESSING BOOKKEEPING/ACCOUNTING RECORDS BY A COMPUTER



Emphasize—Although a card replaced the pen and a computer replaced the typewriter and adding machine, the same data processing steps and accounting principles are followed.

APPENDIX B

DESCRIPTION OF STEPS IN THE COMPUTERIZED ACCOUNTS PAYABLE APPLICATION FLOWCHART

Permission has been granted to use, in part, the forms listed below and located in this appendix from Application Customizer Service System/3 Accounts Payable Application Manual (Form GH20-0783-0). (C) 1970 by INTERNATIONAL BUSINESS MACHINES CORPORATION.

Input Control Register
Cash Requirements Pre-List
Cash Requirements Report
Accounts Payable Check Register
Accounts Payable Trade Balance

COMPUTERIZED ACCOUNTS PAYABLE APPLICATION

The bookkeeping subsystems in Module III of the Bookkeeping/Accounting 1 syllabus frequently are processed by a computer. Although most of the processing in a computerized application is done on a computer, some of the steps are handled manually by accounting clerks. Individuals entering the bookkeeping/accounting field need to understand steps processed by a computer as well as those performed manually in a computerized application.

The purpose of this appendix is to provide a description of manual and computer processing involved in a computerized application for one of the subsystems in Module III of this syllabus. Each step in this accounts payable application is flowcharted and accompanied by forms and reports generated.

The accounts payable clerk in an accounting department utilizing a computer will perform the following tasks:

1. Obtain copies of purchase orders and receiving reports from the departmental files upon receipt of invoices from vendors.

2. Check itemized listings on the invoices against the purchase orders and receiving reports.

3. Check calculations for errors in billing and pricing.

4. Handle inquiries from creditors regarding account balances and payments.

5. Check credit memorandums from vendors against corresponding invoices and verify calculations.

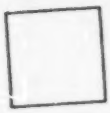
A coding clerk will assign codes such as transaction codes and general ledger account codes for items on the invoices. These codes will be keyed onto the input media (card, tape, or disk) when the invoices are sent to the data processing department.

A control clerk prepares an adding machine tape total for each batch of invoices that are sent to the data processing department. This batch total is compared with the input control register total to detect errors in the input media for the batch of invoices being processed.

FLOWCHART SYMBOLS

TERMINAL

PROCESS

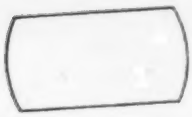


AUXILIARY OPERATION

DOCUMENT

DECISION

TRANSMITTAL TAPE



KEYING

STEP #

MANUAL OPERATION

OFFPAGE CONNECTOR

ONLINE STORAGE

STEP 1

Invoices received from vendors are audited to prepare them for entry to data processing similar to the manual procedure.

A. Invoices are compared with the appropriate purchase order and attached receiving report. Quantities listed are checked.

B. Prices are checked in the catalog.

C. Extensions are verified. Total gross charge, discount amount, and net charge of invoices are calculated. If discount terms are available in the vendor master file, the discount and net charge will be calculated by the computer.

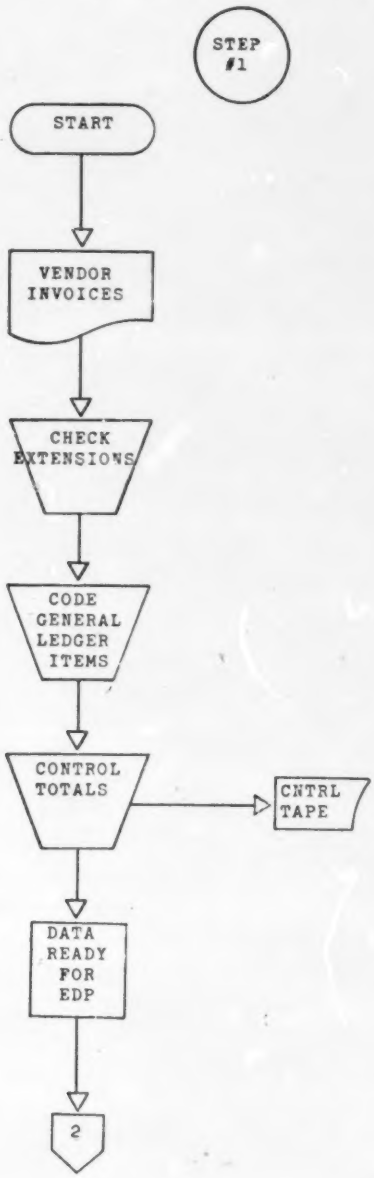
D. Items on each invoice are labeled with general ledger account numbers to which they will be charged.

E. Invoices are initialed by an accounting clerk when the audit is complete.

F. A batch total of all invoices is calculated on an adding machine.

G. The adding machine total tape and the batch of invoices are sent to data processing.

COMPUTER SYSTEMS FLOWCHART FOR ACCOUNTS PAYABLE



STEP 2

The information on the invoice is keyed on a keypunch (card), key-to-tape, or key-to-disk machine for the computer. A separate record is keyed for each line item on the invoice. Each record will contain:

1. Invoice number
2. Invoice date
3. Vendor number
4. Purchase order numbe
5. General ledger account number
6. Gross amount of item

Invoice data keyed for the computer will be stored in a work file. From the work file an input control register will be printed. This register is a list of transactions similar to a purchases journal in a manual system. Results will be checked against the batch total tape. The following disk files will not be updated from the work file by the computer:

A. Vendor Master File

The vendor master file is basically a name and address file with year-to-date account balances for each vendor. Fixed data, such as discount terms, are kept on each record for each vendor as well. Each record (there is one record on the disk for each vendor) on the vendor master file contains the following information:

1. Vendor number
2. Vendor name and address
3. Discount terms
4. Account balance (Y-T-D)
    a. Balance due
    b. Purchases Y-T-D
    c. Payments Y-T-D

B. Invoice File

All invoices that have not been paid are kept on the invoice file. There is one record for each invoice. Each record contains the following information:

1. Vendor number
2. Invoice number
3. Purchase order number
4. Invoice date
5. Invoice amount
6. Date paid
7. Discount terms (if available)

This file closely parallels the accounts payable ledger in a manual bookkeeping system except that paid invoices will not appear on the invoice file.

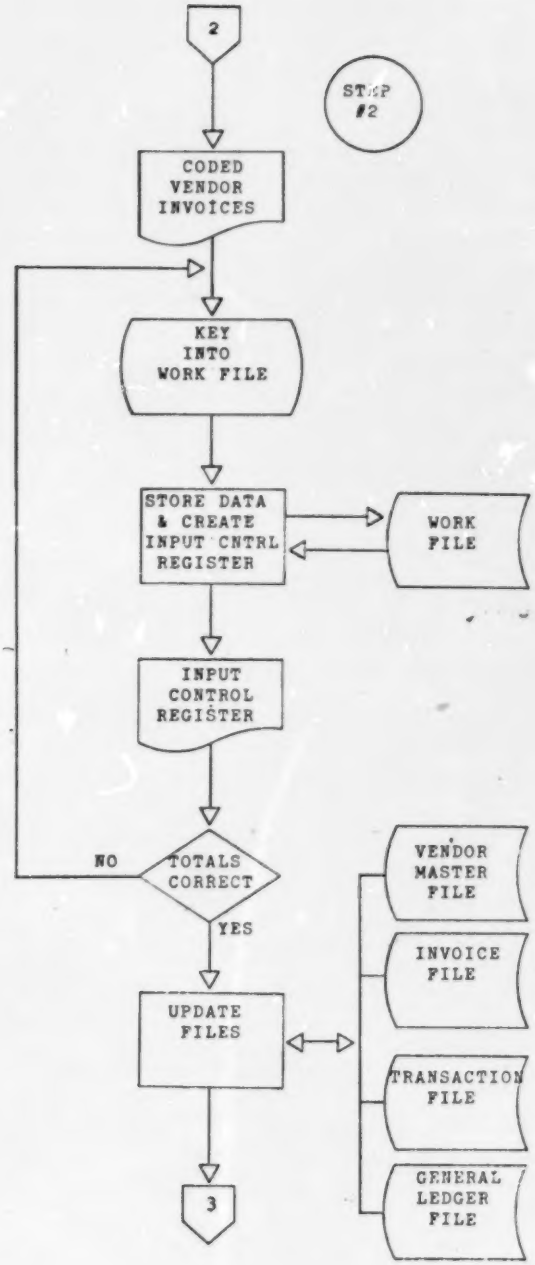
C. Transaction File

This file contains all of the item-by-item data that were keyed for each invoice. Data are transferred to this file from the work file after appropriate editing has been done. The transaction file differs from the work file in that the work file shows recent transactions whereas the transaction file contains information for all invoices that have not been paid.

The transaction file is the one that will be used most for the processing that will take place in the rest of the accounts payable cycle.

D. General Ledger File

The records keyed for the invoices and put on the work file include the general ledger account number. The general ledger file is updated to show the changes in general ledger accounts affected by the invoice items purchased.


2
STOP #2
CODED VENDOR INVOICES
KEY INTO WORK FILE
STORE DATA & CREATE INPUT CNTRL REGISTER
WORK FILE
INPUT CONTROL REGISTER
NO
TOTALS CORRECT
YES
VENDOR MASTER FILE
INVOICE FILE
UPDATE FILES
TRANSACTION FILE
GENERAL LEDGER FILE
3

114

VENDOR NUMBER	INVOICE NUMBER	INVOICE DATE	DUE DATE	T R	GENERAL LEDGER ACCOUNT NUMBER	DISC	GROSS AMOUNT		DISC AMOUNT		NET AMOUNT	
2580	406116	6/07/--	7/25/--	C	223456-111119	.00	100.00CR		.00		100.00CR	
10063	200317	6/10/--	7/20/--	C	232456-111120	.00	100.00CR		.00		100.00CR	
10130	006675	6/12/--	7/15/--	D	241456-111120	.00	75.00		.00		75.00	
20851	099861	6/11/--	7/11/--	D	238456-111120	2.00	30.00		.60		29.40	
59812	335861	6/08/--	7/08/--	D	240456-111130	2.00	750.00		15.00		735.00	
59812	335861	6/08/--	7/08/--	D	240456-111130	2.00	750.00		15.00		735.00	
78665	425861	6/14/--	7/14/--	D	226456-111130	1.50	250.00		3.75		246.25	
78665	425861	6/14/--	7/14/--	D	226456-111130	1.50	250.00		3.75		246.25	
20065	226612	6/12/--	7/12/--	D	238456-111140	2.00	1,000.00		20.00		980.00	
20065	226612	6/12/--	7/12/--	D	238456-111140	2.00	1,000.00		20.00		980.00	
					BATCH 1 TOTALS		3,905.00	*	78.10	*	3,826.90	*
10508	587564	6/01/--	7/01/--	D	241456-111111	1.00	50.00		.50		49.50	
20715	686790	6/05/--	7/05/--	D	238456-111112	.00	25.00		.00		25.00	
10030	791120	6/09/--	7/09/--	D	241456-111113	2.00	30.00		.60		29.40	
10030	791120	6/09/--	7/09/--	D	241456-111113	2.00	70.00		1.40		68.60	
56851	137090	6/10/--	7/10/--	D	266456-111114	1.50	150.00		2.25		147.75	
					BATCH 2 TOTALS		325.00	*	4.75	*	320.25	*
					GRAND TOTALS		4,230.00	*	82.85	*	4,147.15	*

STEP 3

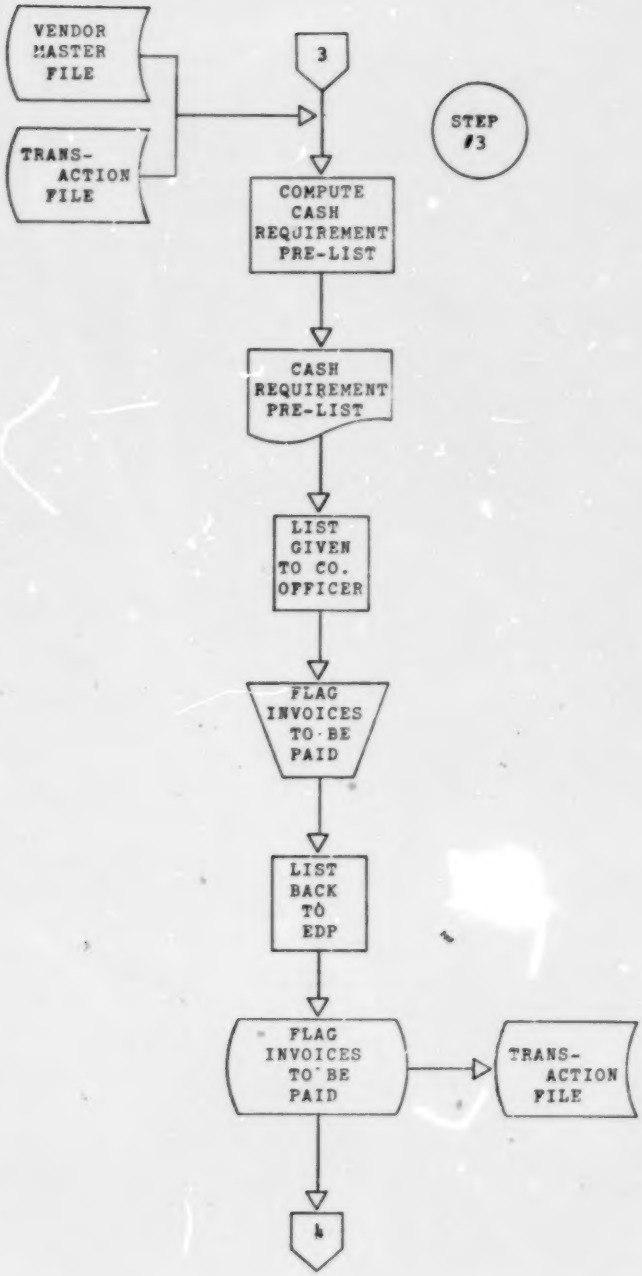
A cash requirements pre-list, a list of all outstanding accounts payable by due date, is prepared using the vendor master file and the transaction file. This document facilitates prompt payment of vendor invoices and helps to insure that all cash discounts are taken.

The company financial officer will mark all invoices to be paid on the pre-list, basing such decisions upon the cash flow picture of the company. The pre-list is a valuable tool which provides a clear picture of future cash requirements.

All records approved for payment will be flagged on the transaction file. Note in the flowchart for step 3 that the invoices approved for payment are keyed to flag the appropriate invoices on the transaction disk file.

It is readily apparent from this step in the computerized accounts payable application that accounting data can be made available much more efficiently to management for decision making than in a manual system.

The transaction file will be used in the next step (step 4) to generate checks, a check register, trial balance, and a cash requirements report as well as to update the accounts payable disk files.


VENDOR MASTER FILE
TRANS-ACTION FILE
3
STEP #3
COMPUTE CASH REQUIREMENT PRE-LIST
CASH REQUIREMENT PRE-LIST
LIST GIVEN TO CO. OFFICER
FLAG INVOICES TO BE PAID
LIST BACK TO EDP
FLAG INVOICES TO BE PAID
TRANS-ACTION FILE
4

DATE 7/20/-- ACCOUNTS PAYABLE CASH REQUIREMENTS PRE-LIST PAGE 1

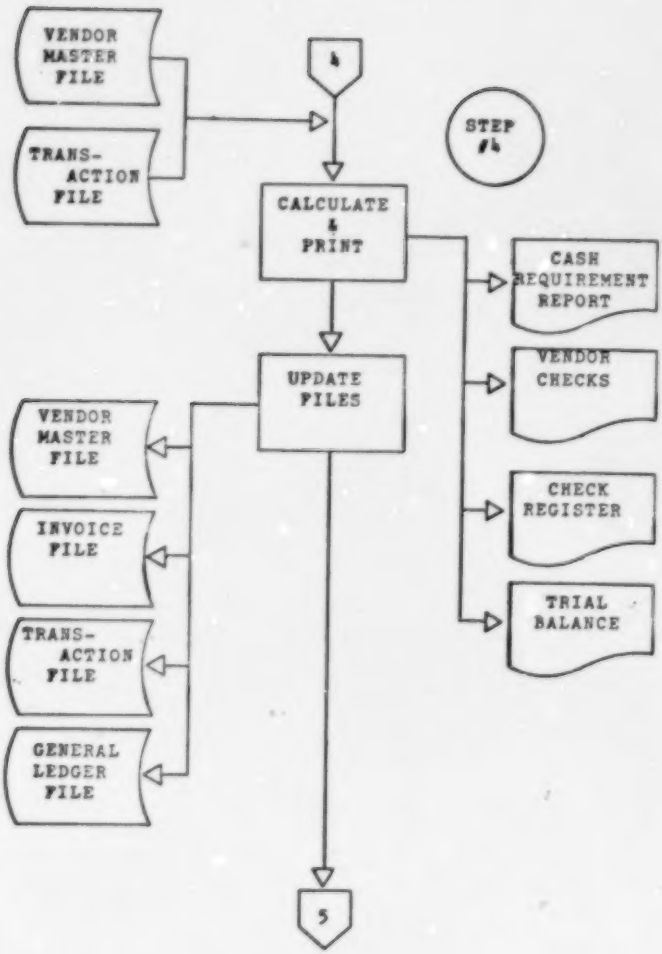
VENDOR NUMBER	VENDOR NAME	INVOICE NUMBER	INVOICE DATE	DUE DATE	T R	DISC	GROSS		DISC AMT		NET DUE	
10001	ABBOTT HARDWARE	165431	7/01/--	7/20/--	D	2.00	50.00		1.00		49.00	
10001	ABBOTT HARDWARE	175432	7/17/--	8/10/--	D	1.50	75.00		1.13		73.87	
	VENDOR TOTAL PAYABLE						50.00	*	1.00	*	49.00	*
	VENDOR TOTAL NOT PAYABLE						75.00	*	1.13	*	73.87	*
20302	BAKER BLDG CO.	005613	7/01/--	7/15/--	D	2.00	100.00		2.00		98.00	
20302	BAKER BLDG CO.	007400	7/12/--	7/20/--	D	2.00	75.00		1.50		73.50	
	VENDOR TOTAL PAYABLE						175.00	*	3.50	*	171.50	*
	VENDOR TOTAL NOT PAYABLE						.00	*	.00	*	.00	*
20819	FLOOR COVER CO.	000009	7/05/--	7/15/--	D	1.50	1,000.00		15.00		985.00	
20819	FLOOR COVER CO.	000128	7/09/--	7/17/--	D	.00	15.00		.00		15.00	
20819	FLOOR COVER CO.	000150	7/10/--	7/18/--	D	2.00	150.00		3.00		147.00	
20819	FLOOR COVER CO.	000172	7/10/--	7/19/--	D	2.00	175.00		3.50		171.50	
20819	FLOOR COVER CO.	000231	7/10/--	7/18/--	D	1.00	36.00		.36		35.64	
20819	FLOOR COVER CO.	000881	7/10/--	7/18/--	D	2.50	100.00		2.50		97.50	
20819	FLOOR COVER CO.	000921	7/10/--	9/03/--	D	2.00	500.00		10.00		490.00	
	VENDOR TOTAL BALANCE						1,476.00	*	24.36	*	1,451.64	*
	VENDOR TOTAL NOT PAYABLE						500.00	*	10.00	*	490.00	*
	GRAND TOTAL BALANCE						1,701.00	*	28.86	*	1,672.14	*
	GRAND TOTAL NOT PAYABLE						575.00	*	11.13	*	563.87	*

STEP 4

The transaction file and the master file are used as input during processing in Step 4. The transaction file contains the detailed data required for accurate computation of the amount of payment and the preparation of the reports generated in this step. Those invoices on this file that were approved for payment have been flagged in the previous step and will be listed on the cash requirements report.

Checks with an attached remittance stub are printed to be sent to the vendor. A check register, which is equivalent to a cash payments journal in a manual bookkeeping system, is prepared. An accounts payable trial balance is produced to show the new status of accounts payable resulting from the payment of invoices. This report serves the same purpose as the schedule of accounts payable in a manual bookkeeping system.

The disk files are updated to show the effect of the payment of invoices on these files. The transaction file is changed to reflect only unpaid invoices. The date paid is recorded on the invoice records on the invoice file. This file is processed periodically to put the paid invoice records on another file (paid invoices file), thus keeping the invoice file current. The general ledger file is updated to change records affected by the payment of invoices.


VENDOR MASTER FILE
TRANS-ACTION FILE
4
STEP #4
CALCULATE & PRINT
CASH REQUIREMENT REPORT
VENDOR CHECKS
CHECK REGISTER
TRIAL BALANCE
UPDATE FILES
VENDOR MASTER FILE
INVOICE FILE
TRANS-ACTION FILE
GENERAL LEDGER FILE
5

DATE 7/20/-- ACCOUNTS PAYABLE CASH REQUIREMENTS REPORT PAGE 1

VENDOR NUMBER	VENDOR NAME	INVOICE NUMBER	INVOICE DATE	DUE DATE	T R	DISC	GROSS		DISC AMT		NET DUE	
10001	ARBOTT HARDWARE	165431	7/01/--	7/20/--	D	2.00	50.00		1.00		49.00	
	VENDOR TOTAL PAYABLE						50.00	*	1.00	*	49.00	*
20302	BAKER BLDG CO.	005613	7/01/--	7/15/--	D	2.00	100.00		2.00		98.00	
20302	BAKER BLDG CO.	007400	7/12/--	7/20/--	D	2.00	75.00		1.50		73.50	
	VENDOR TOTAL PAYABLE						175.00	*	3.50	*	171.50	*
20819	FLOOR COVER CO.	000009	7/05/--	7/15/--	D	1.50	1,000.00		15.00		985.00	
20819	FLOOR COVER CO.	000150	7/10/--	7/18/--	D	2.00	150.00		3.00		147.00	
20819	FLOOR COVER CO.	000172	7/10/--	7/18/--	D	2.00	175.00		3.50		171.50	
20819	FLOOR COVER CO.	000231	7/10/--	7/18/--	D	1.00	36.00		.36		35.64	
20819	FLOOR COVER CO.	000881	7/10/--	7/18/--	D	2.50	100.00		2.50		97.50	
	VENDOR TOTAL PAYABLE						1,476.00	*	24.36	*	1,451.64	*
	GRAND TOTAL PAYABLE						1,701.00	*	28.86	*	1,672.14	*

AP

VENDOR NUMBER	INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT	TOTAL AMOUNT PAID	DATE PAID	CHECK NUMBER	DEPT. NO.	ACCT. NO.
20819	7/05/--	000009	1,000.00		7/20/--	00335		
20819	7/09/--	000129	15.00		7/20/--	00335		
20819	7/10/--	000150	150.00		7/20/--	00335		
20819	7/10/--	000172	175.00		7/20/--	00335		
20819	7/10/--	000231	36.00		7/20/--	00335		
20819	7/10/--	000881	100.00		7/20/--	00335		
		DISCOUNT	24.36CR					
				$****1,451.64				

PLEASE DETACH BEFORE DEPOSITING CHECK

18-186
1010

SAN JOSE INDUSTRIES INC.

215 EL CAMINO REAL
SANTA CLARA, CALIFORNIA

CHECK NO. 00335

BANK OF SAN JOSE

SPECIMEN

PAY TO THE ORDER OF

FLOOR COVER CO.

MAIN ST.

NEW YORK N.Y. 10010

DATE PAID 7/20/--

PAY THIS AMOUNT $ ****1,451.64

AUTHORIZED SIGNATURES

⑆1010⑆ 0186⑆ 443 0602 46⑈

(CHECK AND REMITTANCE STATEMENT)

DATE 7/20/-- ACCOUNTS PAYABLE CHECK REGISTER PAGE 1

VENDOR NUMBER	VENDOR NAME	CHECK NUMBER	DATE PAID	CHECK GROSS	CHECK DISC	CHECK AMOUNT
10001	ABBOTT HARDWARE	00333	7/20/--	50.00	1.00	49.00
20302	BAKER BLDG CO.	00334	7/20/--	175.00	3.50	171.50
20819	FLOOR COVER CO.	00335	7/20/--	1,476.00	24.36	1,451.64
	GRAND TOTALS			1,701.00 *	28.86 *	1,672.14 *

DATE 7/20/-- ACCOUNTS PAYABLE TRIAL BALANCE PAGE 1

VENDOR NUMBER	VENDOR NAME	INVOICE NUMBER	INVOICE DATE	DUE DATE	T R	DISC	GROSS AMOUNT		DISC AMOUNT		NET AMOUNT	
10001	ABBOTT HARDWARE	175432	7/14/--	8/10/--	D	1.50	75.00		1.13		73.87	
	VENDOR TOTAL						75.00	*	1.13	*	73.87	*
20819	FLOOR COVER CO.	000921	7/10/--	9/03/--	D	2.00	500.00		10.00		490.00	
	VENDOR TOTAL						500.00	*	10.00	*	490.00	*
	GRAND TOTAL						575.00	*	11.13	*	563.87	*